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POLICY RESEARCH NOTES: Published by the Economic Research Service, USDA, and North Central Public Policy Research Committee. For professionals in Public Agricultural and Food Policy Research, Teaching, Extension, and Policymaking.

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POLICY RESEARCH NOTES

INTRODUCTION

As the decisionmaking about the new four year 1981 food and agricultural policy reaches its final compromise, the ever changing nature of public policy is again dramatized. Even with that enactment, the policy process still continues in many other areas, such as with conservation of farmland. This pace of change underlines the need for additional policy work and for better channels of communication between policy workers. The objective of this newsletter is to provide a communication linkage among these policy workers.

Another change is signaled by this issue as the dates of the semiannual publication of the Policy Research Notes now become May and November of each year. This should be more compatible with both assemblage and use as publication is shifted away from the previous holiday and summer schedules. Requests for copies of earlier issues of these Notes and for the latest Policy Workers List, and comments and suggestions about them, may be sent to either address below.

CONTENTS

Policy Research Notes is a cooperative effort of the North Central Regional Public Policy Research Committee and ERS. The Notes are prepared by R. G. F. Spitze, Department of Agricultural Economics, 1301 West Gregory Drive, University of Illinois, Urbana, Illinois 61801, and Kenneth C. Clayton, Food and Agricultural Policy Branch, ERS, 500 12th Street, S.W., Washington, D.C. 20250.

ANNOUNCEMENTS

National Policy Research Workshop Proceedings

The Farm Foundation plans to publish a proceedings during the coming months of the recent National Policy Research Workshop held at the University of Maryland. Over eighty policy researchers from some twenty-three (23) universities across the U.S. and Canada, legislative and executive offices in Washington, D.C., and USDA participated in the three-day conference on "Perspectives on Food and Agricultural Policy Research," October 4-7, 1981. Papers and discussion focused on methodological issues that could improve the pursuit of policy research and on better communication of research results with policy decisionmakers. A previous general policy research workshop held in Washington, D.C. in 1976 on Policy Issues and Alternatives, also had been published as proceedings.

This workshop included sessions on: Policy Research and Process; The Future of Policy Research; selected problem areas to exemplify research approaches including Dairy, Domestic Grain Reserves, and Energy Policies; and Distributional Impacts of Agricultural Policies.

Inquiries about the availability of this Policy Research Workshop Proceedings may be directed to the Farm Foundation, 1211 West 22nd Street, Oak Brook, IL 60521.

National Public Policy Education Conference (NPPEC) Set for 1982

The Thirty-Second National Public Policy Education Conference is scheduled for September 20-24, 1982, at Delavan Lake, in Southeastern Wisconsin. Otto Doering of Purdue University, incoming chairman of NPPEC, along with his national committee, is in charge of planning the program.

Latest ERS Policy Review Looks at Perspectives for the 1980's

Agricultural-Food Policy Review, AFPR-4, 1981, was published by USDA/ERS to provide background for discussions on new legislation to replace the Food and Agriculture Act of 1977. This issue included nine articles on topics of: Global Prospects for Agriculture by Patrick O'Brien; The Changing Farm Sector and Future Public Policy: An Economic Perspective by J.B. Penn; Inflation and Agriculture by Lyle Schertz and David Harrington; Agriculture's Production Potential by Austin Fox and Kenneth Clayton; Transporting Food and Agricultural Products by William

Gallimore; International Trade Policy Issues by Phillip Paarlberg and Alan Webb; Commodity Programs and Policies by Milton Ericksen, Kenneth Clayton, James Johnson and Keith Collins; The Setting for New Food and Agricultural Legislation by Douglas Bowers; Food and Agricultural Policy: A Suggested Approach by John Lee.

Copies of this bulletin may be obtained from Ken Clayton, 120 GHI Bldg., FAP/ERS/USDA, 500 12th Street, S.W., Washington, D.C. 20250.

Canadian Government Commissions Major Agricultural Policy Study

Work on a major study of economic regulation in Canadian agriculture has been completed. The study was requested by Canada's First Ministers and was undertaken by the Economic Council of Canada and the Institute for Research on Public Policy. The principal researchers were T.K. Warley, University of Guelph, J.D. Forbes, University of British Columbia, and J.R. Hughes, BroadwithHughes Associates. Ten other agricultural economists prepared research monographs on specific aspects of regulation. The study placed particular emphasis on the role of producers' marketing boards in Canadian agricultural and food policy, addressed areas such as supply management, formula pricing and the regulation of producers' monopolies, and used dairy, poultry, red meats, grains and processed fruits and vegetables as case material.

Inquire about this research effort from one of the above principal researchers, and inquire about the availability of copies of the several reports emanating from the study listed below from: Regulation Reference, Economic Council of Canada, P.O. Box 527, Ottawa, Ontario, Canada K1P 5V6. (Note: items 1, 2, 6, 7, 8, 9 are published; remainder in press.)

1. ARCUS, PETER L. Broilers and Eggs.
2. BARICHELLO, RICHARD R. The Economics of Canadian Dairy Industry Regulation.
3. BRINKMAN, GEORGE L. Farm Incomes in Canada.
4. FORBES, J.D. Institutions and Influence Groups in the Canadian Food Policy Process.
5. GILSON, J.C. Evolution of the Hog Marketing System in Canada.
6. HARVEY, D.R. Government Intervention and Regulation in the Canadian Grains Industry.
7. JOSLING, TIM. Intervention and Regulation in Canadian Agriculture: A Comparison of Costs and Benefits Among Sectors.
8. MARTIN, LARRY J. Economic Intervention and Regulation in the Beef and Pork Sectors.

9. PRESCOTT, D.M. The Role of Marketing Boards in the Processed Tomato and Asparagus Industries.

National Extension Policy Education Project on Farm and Food System Launched

A national extension policy education project entitled, The Farm and Food System in Transition--Emerging Policy Issues, has been initiated. The project is sponsored by ECOP and USDA-ES. The target audiences include leaders of interest groups concerned with the farm and food system and informed lay public. Emphasis will be on preparation of educational materials describing the farm and food system, the forces shaping the future of the system and policy issues likely to be important to system performance over the 1982-2000 period. Conferences bringing together leaders of different interest groups are contemplated.

The basic premise is that a better informed public will result in improved public policy. Further it is assumed that the land grant system can generate an improved flow of information relevant to the important future policy issues influencing the performance of the farm and food systems. The project is intended to facilitate development and coordination of an increased flow of policy relevant information through the Extension system and mass media.

Jim Shaffer, Vern Sorenson and Larry Libby at Michigan State University have responsibility for coordinating the project. Henry Wadsworth, Extension Director at Oregon State, is Chairman of the Advisory Group.

Policy workers are urged to send inquiries, suggestions, and material relevant to the project to Jim Shaffer, Department of Agricultural Economics, Michigan State University, East Lansing, MI 48823.

North Central Policy Research Project Proposal

In October 1981, a new North Central Policy Research Project proposal was approved by Departmental Administrators of Agricultural Economics (NCA 12), commencing its way through the approval process which must finally include acceptance by the Regional Directors and the national directors' Committee of Nine. Titled "Analysis of Food and Agricultural Policies in an Uncertain Economic Environment," it focuses on selected critical policy issues affected by the future climate of increasing economic uncertainty, including the agricultural and food production-price-income sector, commodity stocks, impacts of inflation as affected by monetary/fiscal policies, agricultural supply and resource interfaces, foreign and domestic demand, consumption behavior related to food policies, and an evaluation of emerging food and

agricultural policies. The proposal was finalized at a technical committee meeting following the AAEA meetings at Clemson University. Researchers at some seventeen states and USDA have indicated an interest in participating in the project, and others may also do so through their State Experiment Stations.

For further information about this proposed policy research, contact any present member of the Technical Committee of NC-152, including Marshall Martin, Chairman, Purdue University and Bob Spitze, Vice Chairman, University of Illinois.

Resources for the Future Initiates Food and Agricultural Policy Program

Kenneth R. Farrell, former Administrator of ERS, joined RFF October 1, 1981, as Director of a new Food and Agricultural Policy Program. Established with help of the Ford Foundation, major emphasis will be on national food and agricultural policy issues, their implications for natural resource development and use, and environmental quality. Plans include development of a small core staff to be supplemented by visiting scholars and small grants to support research in other institutions. Ken Farrell encourages you to contact him with thoughts you may have concerning the RFF program at: Food and Agricultural Policy Program, Resources for the Future, Room 409, 1755 Massachusetts Avenue, N.W., Washington, D.C. 20036.

Resources for the Future Dissertation Fellowships:

Also, Resources for the Future announces dissertation fellowships for support of research in food and agricultural resource use policy. Up to three fellowships of $11,000 will be awarded in the 1982-83 academic year. Applications are due March 31, 1982.

For further information, contact Ken Farrell.

Senate Agriculture Committee Staff Lists Available

Following a suggestion arising out of the recent National Policy Research Workshop at the University of Maryland, there has been compiled a selected unofficial current list of staff on the U.S. Senate Committee on Agriculture, Nutrition, and Forestry and of Legislative Aids responsible for agricultural and food issues for the Senators serving on that Committee.

These assignments change frequently, but an effort will be made to keep the list current. Similar assignments with U.S. House members are much less specific, but a useful compilation is

being attempted. Corrections or suggestions relative to this service for policy workers are welcome.

Request copies of this list from and share feedback to Bob Spitze, Department of Agricultural Economics, University of Illinois, 305 Mumford Hall, 1301 West Gregory Drive, Urbana, IL 61801.

Report on Policy Modeling Symposium to be Published

The Federal Reserve Bank of Kansas City is preparing a proceedings of its recent national symposium held at Vail, Colorado, on "Modeling Agriculture for Policy Analysis in the 1980's." Some eighty (80) policy analysts from universities, USDA, credit agencies, and other agricultural businesses participated in the two days of sessions on the topics of: Uses of Models in Policy Analysis, Emerging Policy Issues, Interface Between Policymakers and Modelers, Modeling Issues with the Domestic and Foreign Trade Sectors, and Evaluating Alternative Model Designs.

Copies of the proceedings from this symposium, available during the coming months, may be obtained from Barry K. Robinson, Vice President, Federal Reserve Bank of Kansas City, Kansas City, MO 64198.

AGRICULTURE-FOOD POLICY DECISIONS UPDATE by Richard W. Rizzi and Edward C. Wilson*

Table 1--Commodity Program Levels

Commodity	1978	1979	1980	1981
Wheat				
Target price ($ per bu.)	3.40	3.40	1/3.63	3.81
Loan level ($ per bu.)	2/2.35	2.50	3/3.00	4/3.20
Reserve release ($ per bu.)	3.29	3.75	5/6/4.20	5/6/4.48
Reserve call level ($ per bu.)	4.11	4.63	5/7/5.25	5/7/5.60

Continued--

* Richard W. Rizzi is an economist in the Food and Agricultural Policy Branch, NED, and Edward C. Wilson is an economist in the Trade Policy Branch, IED, ERS, U.S. Department of Agriculture.

Commodity	1978	1979	1980	1981
Set-aside (percent)	20	20	--	--
Diversion (percent)	20	15	--	--
Voluntary reduction (percent)	20	15	8/	--
National program acres (mil. acres)	58.8	67.6	75.0	71.0
Corn				
Target price ($ per bu.)	2.10	2.20	1/2.35	2.40
Loan level ($ per bu.)	2/2.00	2.10	3/2.25	4/2.40
Reserve release level ($ per bu.)	2.50	2.63	2.81	3.00
Reserve call level ($ per bu.)	2.80	3.05	9/3.26	9/3.48
Set-aside (percent)	10	10	--	--
Diversion (percent)	10	10	--	--
Voluntary reduction (percent)	5	10	8/	--
National Program Acreage (mil. acres)	76.2	86.6	83.5	90.1
Sorghum				
Target price ($ per bu.)	2.28	2.34	1/2.50	2.55
Loan level ($ per bu.)	1.90	2.00	3/2.14	4/2.28
Reserve release level ($ per bu.)	2.38	2.50	2.68	2.85
Reserve call level ($ per bu.)	2.66	2.90	3.10	3.31
Set-aside (percent)	10	10	--	--
Diversion (percent)	10	10	8/	--
Voluntary reduction (percent)	5	10	8/	--
National Program Acreage (mil. acres)	13.7	15.3	14.7	15.4
Barley				
Target price ($ per bu.)	2.25	2.40	1/2.55	2.60
Loan level ($ per bu.)	1.63	1.71	3/1.83	4/1.95
Reserve release level ($ per bu.)	2.04	2.14	2.29	2.44
Reserve call level ($ per bu.)	2.28	2.48	2.65	2.83
Set-aside (percent)	10	20	--	--
Diversion (percent)	10	--	--	--
Voluntary reduction (percent)	20	30	8/	--
National Program Acreage (mil. acres)	7.5	7.8	8.4	9.7
Oats				
Loan level ($ per bu.)	1.03	1.08	3/1.16	4/1.24
Reserve release level ($ per bu.)	1.29	1.35	1.45	1.55
Reserve call level ($ per bu.)	1.44	1.57	1.68	1.80
Rye				
Loan level ($ per bu.)	1.70	1.79	1.91	2.04
Soybeans				
Loan level ($ per bu.)	4.50	4.50	5.02	5.02

Continued--

Commodity	1978	1979	1980	1981
Upland Cotton				
Target price (cents per lb.)	10/52.0	57.7	58.4	70.87
Loan level (cents per lb.) 11/	48.0	50.23	48.0	52.46
Set-aside (percent)	--	--	--	--
Diversion (percent)	10	--	--	--
Voluntary reduction	20	15	10	--
National Program Acreage (mil. acres)	10.0	13.5	11.7	14.0
Extra Long Staple (ELS) Cotton				
Loan level (cents per lb.) 10/	83.20	92.95	93.50	99.00
National Marketing Quota (1,000 bales)	97	137	161	195
National Acreage allotment (1,000 acres)	92.4	115.0	131.7	150.2
Rice				
Target price ($ per cwt.) 11/	8.53	9.05	9.49	10.68
Loan level ($ per cwt.) 11/	6.40	6.79	7.12	8.01
Reserve release level ($ per cwt.)	8.96	9.51	9.97	--
Reserve call level ($ per cwt.)	10.24	10.86	11.39	--
Set-aside (percent)	--	--	--	--
Diversion (percent)	--	--	--	--
National Allotment (mil. acres) 10/	1.8	1.8	1.8	1.8
Flue-Cured Tobacco				
Loan level (cents per lb.) 11/	121.0	129.3	141.5	158.7
Effective marketing quota (mil. lb.)	1181	1068	1186	1112
Effective national allotment (1,000 acres)	624	577	640	546
Burley Tobacco				
Loan level (cents per lb.) 11/	124.7	133.3	145.9	163.6
Effective marketing quota (mil. lb.)	668	650	769	869
Peanuts				
Loan level, quota peanuts ($ per ton) 10/	420	420	455	455
Loan level, non-quota peanuts ($ per ton)	250	300	250	250
Marketing quota (1,000 tons) 10/	1680	1596	1516	1440
Acreage allotment (1,000 acres)	10/1614	10/1614	10/1614	1734
Flaxseed				
Support level ($ per bu.)	4.50	4.50	4.50	--

Continued--

Commodity	1978	1979	1980	1981
Wool				
Support level (cents per lb.) 11/	108	115	123	135
Mohair				
Support level (cents per lb.) 11/	164.7	194.3	290.3	371.8
Honey				
Loan level (cents per lb.)	36.8	43.9	50.3	57.4

1/ Under the Agricultural Adjustment Act of 1980, producers who did not stay within their "normal crop acreage" received lower target prices: $3.08 for wheat, $2.05 for corn, $2.45 for sorghum and $2.29 for barley.

2/ Under provisions of the 1977 Act, the Secretary could have lowered the loan level for 1978 wheat and corn because the average market price received by farmers in the 1977 crop year did not exceed 105 percent of the loan.

3/ A differential was provided for 1980 farmer-owned reserve loans as follows: $3.30 for wheat, $2.40 for corn, $2.28 for sorghum, $1.95 for barley, and $1.23 for oats.

4/ A differential was provided for 1981 farmer-owned reserve loans as follows: $3.50 for wheat, $2.55 for corn, $2.42 for sorghum, $2.07 for barley, and $1.31 for oats.

5/ The reserve release and call levels for wheat are for food quality wheat only.

6/ The release level for wheat is 140 percent of the loan level. Farmers with contracts specifying 150 percent of the loan level, per the January 1980 announcement, may have used a release level of $4.50 per bushel for wheat in 1980 and may use a level of $4.80 in 1981 or convert their contracts to the 140 percent provision.

7/ The call level for wheat is 175 percent of the loan level. Farmers with contracts specifying 185 percent of the loan level, per the January 1980 announcement, may have used a call level of $5.55 per bushel for wheat in 1980 and may use a level of $5.92 in 1981 or convert their contracts to the 175 percent provision.

8/ The "voluntary reduction" in 1980 is that 1980 planted acreage not exceed 1979 considered planted acreage levels.

9/ The call level for corn is 145 percent of the loan level. Farmers with contracts specifying 140 percent of the loan level, as per the pre-January 1980 announcement, may have used a call level of $3.15 per bushel of corn in 1980 and may use a level of $3.36 in 1981 or convert their contracts to the 145 percent provision.

10/ Minimum allowed by law.

11/ Determined by statutory formula.

Policy Through Administration

Grain Programs

1981 Crop Programs.--As reported in the August issue, there was no set-aside or NCA requirement for the 1981 crops of wheat, feedgrains, upland cotton or rice. There were also no diversion programs authorized for any crop in 1981 and no 1981 special wheat acreage grazing and hay program.

Deficiency Payments.--In April, USDA announced that there would no deficiency payments on the 1980 crops of corn and sorghum, since the average market prices during the specified five months were well above the 1980 target price. This announcement ended the possibility of any deficiency payments for 1980 crops.

CCC Loans.--During August and September, the Secretary took actions which gave producers the option to extend some of their 1980-crop loans. On August 31, farmers who had corn and/or sorghum loans maturing on that date were given the opportunity to extend them to September 30. On September 24, producers who had corn or sorghum loans expiring at the end of September or October were given the option to extend the loans for two months (this option was also given to those producers who had previously extended their loans on August 31). Finally, on September 29, soybean farmers were given the option to extend for up to four months their 1980 crop loans that were starting to mature in September.

Farmer-Owned Reserve.--The farmer-owned reserve has continued to play a major role among the farm programs. As reported in the last issue of PRN, farmers were given a 30-day extension to repay their reserve loans on corn in February (corn loans were called on January 16). This action delayed the final settlement date from April 15 to May 15, but an interest charge of 15.25 percent was in effect during the extension. On April 16, the Secretary cancelled the May 15 settlement date for reserve corn. This allowed farmers to retain their reserve loans, but the interest charge of 15.25 percent continued and producers were responsible for storage costs on their corn under loan.

On May 7, barley was removed from the farmer owned reserve release status. This action was taken because the national average market price was well below the release level. Annual storage payments for reserve barley were resumed effective May 7.

On July 24, the day after the President signed into law a provision to repeal the reserve interest waiver (see Policy Through Legislation), the Secretary opened the farmer-owned reserve to immediate entry for 1981 crop wheat. Usually a producer must place his crop under a regular 9-month CCC loan before it is eligible to enter the reserve. If the reserve is functioning and not in release or call status when the 9-month loan matures, the producer may then place his crop in the reserve. On October 6, the Secrtary further opened the reserve reserve to allow immediate entry of 1981-crop corn, sorghum, and barley.

In both cases, producers will be eligible for annual storage payments of 26.5 cents per bushel and will be assessed interest

charges during the first year of the loan, but not the second and third years. (The interest rate for CCC loans as of October was 14.5 percent. This rate does not necessarily hold for reserve loans in call status.) Barley and wheat already in the reserve became eligible for transfer into the new reserve with the usual stipulation that the crops could not be held in the reserve for more than five years. Previously entered corn and sorghum were not eligible for transfer. In addition, 1980-crop corn, sorghum, and barley under regular CCC loan could immediately enter the reserve. The Secretary stated that a call level trigger would only be used under an "extreme emergency."

1982 Wheat Program.--With the provisions of the Food and Agricultural Act of 1977 scheduled to expire with the 1981 crop, the Secretary was mandated by permanent legislation to make certain program announcements for the 1982-crop of wheat. On April 15 a national wheat marketing quota of 2.459 billion bushels was announced. This quota will not be effective if more than one-third of producers voting in referendum disapprove it or new legislation again suspends the authority. The referendum was to be held by August 1 but legislation delayed it (see Policy Through Legislation). If the quota does go into effect, the amount of wheat that could be marketed without penalty would be limited.

Under the 1977 Act, the Secretary normally would have announced whether or not there would be a set-aside by August 15 prior to the crop year in question. However, the authority for set-asides and the announcement requirement expire with the 1981-crop so no August announcement was made. Yet, with record supplies and depressed prices becoming large factors, the Secretary on September 3 announced his intention, pending necessary legislation, to implement a 15 percent voluntary reduced acreage program for wheat in 1982. Wheat producers who do not comply with this provision would not be eligible for loans, target price/deficiency payments and the farmer-owned reserve. The 1981 planted wheat acreage by farm, adjusted when necessary for crop rotation, will be used as the base for making the 15 percent reduction. The land removed from wheat production must be devoted to conservation uses. Farmers will not be permitted to graze this acreage during the six principal growing months. Finally, farmers will not be required to participate in the wheat program to qualify for program benefits on other crops grown on the farm. But they must assure USDA that if they are participating on one farm, they are participating in the wheat program on every farm they own or operate.

CCC Resale of Grains.--The CCC announced it had retendered the last of its corn contract rights on March 20. These contracts

had been acquired in the first part of 1980 to help alleviate the effects of the sales suspension to the USSR. In addition to corn, contract rights had been acquired for soybeans, soybean products and wheat, all of which were retendered earlier.

On April 6, the CCC announced it had finished selling 4 million bushels of government-owned "sample" grade corn. This corn had also been acquired in 1980 through programs to help alleviate the sales suspension. A total of 160 million bushels of corn had been purchased. Of this amount, 4 million bushels were graded as "sample" because of a high percentage of cracked and broken kernels. The corn was marketed from early February through the end of March to avoid further deterioration.

The CCC offered to sell 270,000 bushels of rye on April 9. The rye was to be sold at the market price, but at not less than 150 percent of the 1980 county loan rate for U.S. No. 2 rye where stored. On July 17, the Secretary announced that CCC's uncommitted corn and grain sorghum stocks would be offered for sale. Only a portion would be offered at the minimum price of 115 percent of the county loan rate plus carrying charges for interest, storage, and handling. The rest of the stocks would be sold for higher prices. The carrying charges for both crops would be 54 cents per bushel. The national average minimum sales price was calculated to be $3.13 per bushel for corn and $3.00 per bushel for grain sorghum. The available stocks of corn stored totaled 199 million bushels, mainly purchased to help alleviate the effects of the sales suspension, and 13.9 million bushels of sorghum, which was forfeited to the CCC through the loan program. A new procedure allowed bids for quantities as low as 1,000 bushels, so that farmers and livestock feeders would be encouraged to participate.

Crop Insurance Expansion.--The Secretary accelerated the expansion of Federal crop insurance coverage on April 27. All acreage planted to crops covered under the disaster payments program--wheat, barley, corn, grain sorghum, oats, cotton, and rice--will be covered by crop insurance starting with the 1982 crop. Under the previous plan, only 97 percent of the disaster crop acreage would have been covered during the 1982 crop year. In addition, about 95 percent of the soybean acreage will be covered. The other 5 percent will be added after yield data are collected. The Federal Crop Insurance Corporation (FCIC) is preparing an individual farm yield guarantee program for the "disaster" crops and soybeans, but it will not be in full operation before the 1982 spring-planted crops. Until then, FCIC may develop identical rates and coverages involving several counties for the crops planted during the fall of 1981. Also by the spring of 1982 to improve service, all areas of the country should have local private agents offering crop insurance, rather than the producers having

to go to multi-county FCIC or county ASCS offices to obtain it. On August 28, the Secretary announced that winter wheat and barley farmers in States where the crop insurance sign-up deadline was August 31 would be given until September 30. This affected farmers in 12 States. All other States already had the September 30 or a later closing date.

Grain Inspection.--On May 31, the Department reduced by 50 percent the fee increase that went into effect on January 4, 1981. This action was taken after re-evaluation of the fees showed that a reasonable operating reserve could be maintained even with lower fees. The new fees were set at $12 per hour for original on-line inspection and on regular workdays--down from $13; $14.40 per hour for non-contract on-line services--down from $16; $7.15 per unit for truck inspection--down from $7.80; $11.00 per unit for boxcar inspection--down from $12.00; and $14.85 per unit for hopper cars--down from $16.25.

On June 8, the Department began providing a new supervision of weighing service, on request, for grain coming into export elevators at port locations. New Class Y service is available for inbound rail, truck, intra-company barge receipts and outbound shipments of grain. In addition, Class Y service is available at interior locations. This service only offers limited supervision of elevator employees weighing grain that is exempt from official weighing. (On July 1, overland shipments of grain to Canada and Mexico were added to the list of those exempted from inspection and weighing.) A charge of $5 per barge, $1 per train car and $.50 per truck or trailer will be made for this service at export locations. At all other locations, the charge will be $10 per barge, $3.50 per train car and $2.50 for trucks and trailers. Requests for the service must be for a minimum of three months.

On October 1, the Department initiated user fees for supervision of delegated States' and designated agencies' official inspection and weighing services. This action was required by the Omnibus Budget Reconciliation Act of 1981. The actual fees for the supervision are as follows: $1 per truck or trailer; $2.40 per boxcar; $2.60 per hopper car; $.75 for warehouseman's sample-lot inspection service, submitted sample inspection service, and re-inspections; $15.75 per barge; and $125 per ship. The delegated States operate at export locations while the designated private agencies function at interior locations.

Other Wheat and Feedgrain Changes.--All manufacturers of wheat-based foods had to register with the Wheat Industry Council by June 1. This action was taken so that assessments could be made starting June 1 for the new wheat and wheat foods research and nutrition education program. The assessments will be paid quarterly, but the first one will be only for the month of June. The first year assessment will be one cent per hundredweight of

processed wheat. Although certain end-product manufacturers are exempt (such as retail bakers) all others who do not wish to fund the program can receive refunds only if they reserve the right to a refund within 60 days of the annual publication of the Council's budget in the Federal Register.

On April 1, 1982, the Department will end market news quotations based on cash grain rail trading in Chicago. This is because volume reductions no longer make it a representative grain market.

Rice Loans, Purchase Rates and Inspection Fees.--The 1981 rice loan and purchase rates by class based on the national average rate of $8.01 per cwt. are as follows: $14.54 per cwt. for long grain--up from $12.76 in 1980; $12.79 for medium and short grain--up from $11.01 per cwt.; and $4.70 per cwt. for broken rice--up from $4.25. The differential between long grain and the medium/small grain loan levels is unchanged from last year. The premium and discounts schedule is also unchanged from 1980, but discounts for location will be increased to reflect current transportation costs.

Starting on November 1, voluntary rice inspection fees were increased to reduce Government costs in providing the service. (All rice inspection services are voluntary.) The new fees are as follows: for contract services during regular weekly work days--$21.60 per hour, up from $17; for night contract services--$26, up from $20.40; for holiday contract work--$30.60, up from $24; for non-contract regular weekly workdays--$28.80, up from $21.60; for night non-contract services--$33, up from $24.80; and for holiday non-contract work--$37.60, up from $28.20. These rates include the cost of travel to perform the service and were last raised in August 1980.

Peanut, Cotton, and Tobacco Programs

Peanut Support Levels.--The Department announced on July 17, price support levels by type of peanut for the 1981-crop based on the national average support level of $455 per ton. The average price farmers can expect per short ton of peanuts is as follows: $451.69 for Virginia type; $459.00 for runner type; $437.89 for Spanish type; $451.69 for valencias from the Southwest suitable for cleaning and roasting; and $437.89 for other valencias. The actual support level will depend on the kernels in each shipment. The crop rates, premium discounts, quality and location adjustments have not been altered from the 1980 crop level.

Cotton Futures Trading.--The Commodity Futures Trading Commission designated the New Orleans Commodity Exchange as a contract market for trading futures in short staples cotton on June 30. This action required USDA to designate five cotton markets for settlement differences before trading could actually start. On

July 6, the Department designated Dallas and Lubbock, Texas; Memphis, Tennessee; Montgomery, Alabama; and Greenville, South Carolina to fill this role. These same cities are also used for settlement purposes for the New York Cotton Exchange.

Cotton Fees.--On October 1, the Department began charging a user's fee for classing producers' cotton and increased other charges. These actions were required by the Omnibus Reconciliation Act of 1981. The classing fee for producers' cotton was set at 60 cents per bushel. This service was previously provided free under the Smith-Doyer Act. New prices were set for cotton standard forms as follows: $150 for the 12-sample Universal Standards box and $80 for a 6-sample guide box for American upland cotton; $110 for a 6-sample grade standard for American pima cotton; and $11 per one-pound roll of American pima for staple standards.

Increased fees for cotton classing service under the Cotton Standards Act, cotton futures certification, and cottonseed grading supervision were also announced because of cost increases of 20 percent since the fees were last changed in 1979. The fee for cotton classing was raised from $.90 to $1.00 per sample. The fee for rewriting classification memoranda was increased from $1.50 to $1.80 per sheet. Finally, the fee for combination classification for cotton futures was increased from $1.50 to $1.80 per sample.

1982 ELS Quota and Allotment.--The Department announced the 1982 extra long staple cotton (ELS) national quota and allotment on October 15. The allotment was set at 120,191 acres--down from the 1981 allotment of 150,241 acres. The quota was set at 157,000 bales, which should meet estimated domestic and export needs plus adequate stocks. The quota will be met if all the allotment is planted and the national average yield of the last four years--627 pounds per acre is matched. A referendum will be held from December 7 to 11 to determine if cotton farmers want the quota. Twothirds of the producers voting must approve it, which has been the case for the last 28 years.

1982 Upland Cotton Program.--As with wheat, the expiration of the 1977 farm bill without replacement legislation available combined with permanent legislation required the Department to announce a national marketing quota and acreage allotment for 1982-crop upland cotton on October 15. The quota was set at 14,666,667 bales and must be approved in a referendum to be held by December 15 to become effective. The allotment was set at 16 million acres, the legal minimum. The quota was mandated by law since this year's total supply is likely to exceed normal supply.

Tobacco Loan Rates.--1981 tobacco loan rates as determined by statutory formula were set as follows:

Kind	1981 crop	1980 crop
	--- Cents per pound ---	
Burley, type 31	163.6	145.9
Virginia, fire-cured, type 21	111.0	98.9
Flue-cured, types 11-14	158.7	141.5
Kentucky-Tennessee, fire-cured, types 22-23	110.0	98.9
Dark air-cured, types 35-36	98.7	88.0
Virginia sun-cured, type 37	98.7	88.0
Cigar-binder, types 51-52	113.3	101.0
Cigar filler and binder, types 42-44, 53-55	81.8	72.9
Puerto Rican, type 46	84.9	75.7

Flue-Cured Tobacco Loans Set.--The loan rates for producers for 1981-crop flue-cured tobacco will range from $.90 to $2.03 per pound. The rates reflect an average support of $1.587 a pound, which is about 12 percent above the 1980 level. Changes in 1981 grade rates range from 9 cents to 21 cents above the 1980 rates. The rates are identical for tied and untied tobacco. The same eight grades of flue-cured tobacco--P5L, P5, PG, NIL, NIXL, NIGL, NIXO, NIPO-which did not receive support in 1980 will not receive support in 1981, because of continuing excessive supply and light demand. As always, no loans will be available on grades No. G, No. G-F, N2, W, U, or scrap. Loan rates will be discounted 10 percent for any grade which contains moderately more dirt or sand than normal. Excessive dirt or sand will result in grade of No. G.

Virginia-Fire-Cured Tobacco Loan Level.--The 1981-crop average support level for producers of type 21 Virginia firecured tobacco is $1.11 per pound--12.1 cents higher than in 1980. The only untied tobacco of this type which will be eligible for these loans are grades X5L, X5F, X5O, X5M, X5M45, X5G, X5G45, N1L, NLD, N1GL, and N1GD. These loans will be 10 cents lower than the stated rate for tied tobacco. Grades U, No. G, W, N2, and scrap are not eligible for support.

Burley Tobacco Loan Action.--1981 crop burley tobacco will be supported through loans at an average level of $1.636 per pound. This is 12.2 percent higher than the 1980 level. The actual rates by grade range from $1.08 to $1.81 per pound. The CCC will make this support available not only to burley tobacco tied in "hands," the traditional manner, but to burley packed in bales. This change was announced on October 8. No loans will be available on grades U, W, No. G, or scrap.

Tobacco Inspection Fee and Other Charges.--On October 1, the Department initiated a user fee for mandatory inspection of tobacco at auction markets. The fee is $.0045 per pound of tobacco inspected. This change was mandated by the Omnibus Reconciliation Act of 1981. The fee will be paid by the seller and collected by the warehouse operator. Any operator who fails to collect or pay the fee will have inspection and related services suspended. The charge for appeals was increased from $1 to $5 on October 1. In addition, permissive inspection fees provided on request are $17.80 per hour, $21.30 per hour if the inspection is outside the inspector's regular tour of duty, and $26.70 per hour for holiday and Sunday service. A committee will be established to advise the Department on inspection level services and fees.

Quotas Approved.--Cigar filler and binder and cigar binder tobacco growers in referendum approved marketing quotas for three years starting on October 1, 1981. This action will make these producers eligible for price support loans.

Sugar and Honey Programs

Sugar Import Rates.--After nearly two years of minimum import fees for sugar--no fee for raw sugar and $0.52 cents per pound for refined sugar--the Secretary increased the fees effective September 11. This emergency action was mandated because world sugar prices dropped below 14 cents per pound for 10 market days. The raw sugar fee was set at 1 cent per pound and the refined sugar import fee was set at $.52 cents per pound. Shipments in-transit were exempt from the fee change.

On October 1, the sugar import fees were again increased. The raw sugar fee was raised to 1.531 cents per pound and the refined sugar fee was raised to 2.051 cents per pound. This quarterly change was mandated by law, since the world price remained below 14 cents per pound for 20 market days (August 21 to September 18). Unlike the earlier emergency fee, this latter fee increase applied to shipments in transit.

Honey Loan and Purchase Rates.--In addition to the loan rate for 1981 crop honey reported in table 1, loan and purchase rates for extracted honey in 60 pound or larger containers have been announced by color and class:

White or lighter	58.2 cents per pound
Extra light amber	57.2 cents per pound
Light amber	56.2 cents per pound
Other table and non-table	54.2 cents per pound

Producers must make all loan requests by March 31, 1982, and notify CCC before June 30, 1982, if and how much honey they wish to sell to the government. The loans will mature on June 30, 1982.

Dairy Programs

Price Supports.--The dairy price support was increased on October 1 for the first time in a year (see Policy Through Legislation in reference to the scheduled April 1 adjustment). The support level for manufacturing milk with a milkfat content of 3.67 percent was increased from $13.10 to $13.49 per hundredweight. This level represented 75 percent of parity, the minimum mandated by the Agricultural Adjustment Act of 1949. The support price for milk with a 3.5 milkfat content was increased from $12.80 to $13.18 per hundredweight.

Dairy prices are supported through purchases of selected dairy commodities. Therefore, CCC purchase prices for the following dairy products were also increased on October 1:

Butter -- from $1.52 to $1.56 per pound
Nonfat dry milk, unfortified--from $.94 to $.965 per pound
fortified--from $.9525 to $.9775 per pound
Cheddar cheese, 40 lb. blocks--from $1.395 to $1.4325 per pound
500 pounds in fiber barrels--from $1.36 to $1.4025 per pound

However, all of these increases were rolled back effective October 21 because of Congressional action (see Policy Through Legislation). The price increases will only apply to products produced from October 1 through October 20 and graded and offered by October 30.

Other Changes.--On April 1, the Secretary increased the sell-back price for dairy products acquired by the CCC through the support program. The new level for unrestricted use was set at 110 percent of the current purchase price--up from 105 percent. This action was taken to discourage some dairy product users from utilizing the support program for temporary storage.

USDA redirected its cheese purchase program on June 24. Purchases of American cheese were suspended and the cheese program was entirely directed to the purchase of bulk cheddar cheese. This action was taken to help alleviate some storage and handling problems which the American cheese was contributing to because of its small 5-pound packages.

Livestock Programs

1980 Wool Payments.--Because the 1980 national average market price for shorn wool--88.1 cents per pound--was less than the shorn wool support price--$1.23 per pound--sheep producers

received about $36 million in incentive payments from the government. The producers had received $32 million on their 1979 marketings. The actual payments are determined by dividing the difference between the average market price and the support level by the average market price. This payment rate--39.6 percent in 1980, 33.3 percent in 1979--is then multiplied times the net dollar return the producer received from wool sales. Producers will also receive $1.40 per hundredweight in Federal payments for unshorn lambs which were slaughtered or sold in 1980. However, there will be no incentive payments on 1980 mohair, since the average market price was well above the support level.

Shell Egg Standards Revised.--Starting on October 1, revised standards were put in place by the Department. The new rules raise the minimum percentage of "A" quality eggs required for the "U.S. Grade A" label at the shipping point from 85 to 87 percent and at the retail store level from 80 to 82 percent. The minimum percentage of "AA" quality eggs required for the "U.S. Grade AA" label was also raised from 85 to 87 percent at the shipping point, but the retail store level was reduced from 80 to 72 percent. In addition, the maximum permissible number of "checks"--cracked shells--in shell eggs at retail stores and in jumbo size shell eggs only at the packing and grading point was raised from 5 to 7 percent. This number was raised to 9 percent at the destination point in the case of the jumbo size. Some standards were dropped as obsolete--"C", fresh fancy quality and Grade A quality control programs, the two U.S. procurement grades and the lower three U.S. wholesale grades.

Brucellosis Program Changes.--Starting on March 2, indemnity payments for purebred cattle slaughtered because of brucellosis, also known as Bung's disease, were by individual appraisals rather than by a standard rate. This action was taken because the old pure bred rates were found to be excessive, with 30 percent of the available indemnity funds going to only 4 percent of all brucellosis reactors--the purebreds. This was caused by the standards being adjusted for top quality purebreds, which many purebreds were not.

On May 1, brucellosis indemnities had to be reduced by 20 percent because of a shortage of funds. Congressional action in June provided supplemental funds so that full payments could again be paid. This action was retroactive so no producer received a short amount. Most of Alaska was certified cattle brucellosis free in March and North Dakota and Rhode Island were declared swine brucellosis free in late August/early September.
On January 1, 1982, new measures will go into effect to strengthen the battle against cattle bruccellosis. Currently, cattle brucellosis shipping regulations are based mainly on county classifications. On January 1, this will change to a State-wide classification for movement restriction. The three classes will be:

Class A, no brucellosis-infected herds for 12 months, Class B and Class C. Only cattle from Class A States will be allowed to be shipped without pretesting and only 10 to 12 States will qualify as Class A on January 1. Most other cattle in Class B and C States will be subject to pretesting (steers and spayed heifers are exempt).

Meat Inspection and Grading.--On October 4, the Department increased its fees for meat and poultry products inspections. USDA still assumes all inspection costs during routine working hours, on an 8 hours per day or 40 hours per week basis, in all plants producing meat and poultry products for interstate or foreign commerce. The basic hourly inspection rate for all other times was increased to $14.64 from $13.46. The overtime rate was increased from $16.76 to $18.12 and the costs for laboratory services went from $26.24 to $27.28 per hour. The increases were necessary because of rising costs. This action comes at a time when a number of States are turning over their meat and poultry inspection programs to USDA because of budget problems. Since early in 1980, Arkansas, Idaho, Rhode Island and Michigan have turned over either one or both of the services. As of October 15, USDA was responsible for meat inspection in 23 States and poultry inspection in 27.

Higher fees will also be charged to meat packers and processors who use USDA grading and certification services, starting on November 29. These services are voluntary. The new fee for work performed between 6 a.m. and 6 p.m. on weekdays will be $23.20 per hour, up from $20.20. The new fee for the rest of the time, except holidays, will be $28.20, up from $25.20, and $46.40 on holidays, up from $40.40.

New Rates for Grading Some Livestock Products.--The Department on November 1 raised the rates it charges for grading eggs, poultry and rabbits and the overtime inspection rate on egg products. The charges, which cover USDA supervision of grading and overhead expenses, were increased from $.015 to $.02 per case of shell eggs and from $.00015 to $.0002 per pound of poultry. These rates were last increased in 1976. The basic hourly rate for lot grading was increased from $16.52 to $18.96 and the overtime rate charged to plants for egg products inspection was raised from $16.28 to $16.54 per hour. Laboratory service fees were also increased to $22.76 from $21.40 per hour.

Other Livestock Regulation Changes.--On May 15, USDA increased the retail sales exemption for meat and poultry inspection. Federal law requires that all wholesale meat and poultry operations must be inspected. Retailers who sell to hotels, restaurants and similar "nonhousehold" consumers and stay within set sale limits are exempt from the routine inspection requirement.

The limit on a retailer's annual sales to nonhousehold consumers was increased from $27,000 to $27,800 for meat and from $21,100 to $22,200 for poultry. This sales limit was adjusted because of increases in the Consumer Price Index during 1980. Retailers may sell as much meat and poultry as they want to household consumers. At least 75 percent of the dollar amount of the retailer's sales must be to household consumers.

Finance

FmHA.--On April 3, the Farmer's Home Administration (FmHA) increased its interest rates for farm program loans, because of changes in the cost of money to the U.S. Treasury. Farm ownership loan rates increased from 13 to 14 percent. Loans, made to farmers who can obtain credit from other sources, to cover actual losses due to natural disasters had an increase in interest rate from 13.375 to 14 percent. Loans for farm disasters in excess of actual loss had an interest rate increase from 13 to 14.5 percent for production loans and from 12.25 to 13.25 percent for real estate loans. On October 1, FmHA loans were again increased because of changes included in the Omnibus Reconciliation Act of 1981. The interest rate for water and waste disposal and community facility loans went from 5 to 12.25 percent. For emergency farm loans (for disasters after October 1), the rates will be 17 percent, up from 15, for persons who can obtain credit elsewhere and 8 percent, up from 5, for all others. Farm operating loans had interest rates increased from 7 to 11.5 percent and farm ownership loans from 5 to 7 percent; in both cases, this covered insured limited resource loans for nonfarm enterprises, recreation, soil and water. In addition, of the loans listed, all except the emergency and water and waste disposal loans, will be subject to an extra two percent interest charge if prime or unique farmland is involved. The only exceptions are public bodies, Indian tribes or if it is demonstrated there is no other suitable land. The water and waste disposal loan rate will be assessed at 5 percent if the median family income in the service area is below the poverty level.

On May 29, FmHA made additional interest rate increases to keep their rates as close as possible to the cost of money to the U.S. Treasury. The new interest rates for farm operating loans will be 14.5 percent, up from 14. Emergency natural disaster loans for production will have an interest rate of 15 percent, up from 14.5, while emergency loans for those who can obtain credit elsewhere will also be 15 percent, up from 14. Other new loan rates are as follows: production loans for economic emergencies--14.75, up from 14; single family rural housing loans--13.25, up from 13, and multiple family housing--13.25, up from 11.5.

CCC.--On April 1, certain CCC interest rates were increased to 14.5 percent. The increases affected all facility and dryer

loans approved starting on April 1 and all 1981 crop commodity loans. The previous interest charges were 11.5 percent on crop loans and 12.5 percent for facility and dryer loans. The interest rates were increased to reflect rising costs to CCC of borrowing money from the U.S. Treasury. Other changes were announced for the farm storage facility and dryer loans. The down payment was increased from 15 to 25 percent, with the maximum term reduced from 8 to 5 years. The maximum amount a producer may borrow or have outstanding was reduced from $100,000 to $50,000. Storage needs will be based on one year's production instead of two. And, storage already in use under the farmer-owned reserve program will no longer be exempt when determining storage capacity. Although the Department also announced that starting on October 1, all 1981 crop and facility loans made after April 1 will carry a "floating" interest rate subject to semiannual adjustments, the interest rate of 14.5 percent was retained through January 31, 1982. The variable interest rate system will remain in effect.

Other Program Changes

FmHA Disaster Program.--On May 26, major changes were announced in the FmHA disaster program. These included: instead of FmHA State directors making disaster designations the Secretary will make all future declarations when a natural disaster affects more than 25 farmers in any one county. The emergency loan funds can no longer be used to expand farming operations. Also, borrowers who receive the loans for operating purposes must obtain the minimum level of crop insurance, when available. The production losses calculation was altered so that an applicant's actual production loss was more adequately reflected. In addition, the minimum loss of a normal year's production to qualify was increased from 20 to 30 percent and the entitlement for production loss loans was reduced from 90 to 80 percent, thereby reducing the maximum amount of subsidy available.

Storage Space Changes.--On July 7, USDA returned to an offer rate system when contracting for grain storage space. Under the modified offer rate system that had been in use, submitted rates were reviewed by CCC and if they were above specified levels, CCC negotiated with the warehousemen. If the rates remained too high after negotiations, the warehouses were not approved for storing government grain. Under the new system there will be no negotiations. All rates are filed and approved. However, the Government must use the least expensive storage space available. This system was also used from 1975 to 1977. Warehousemen must certify that the Government charges are not higher than charges to other customers. Violation of this certification will lead to criminal and/or civil penalties. These changes should bring more flexibility to warehousemen and the CCC.

On September 30, the Department announced its plans to offer extended storage agreements to approved warehousemen and grain elevator operators. It is expected that agreements for longer than the current one-year limit will lead to lower charges to the CCC.

Cherry Marketing Order.--During March 22 to 31, 1981, red tart cherry growers and processors ors voted to continue their marketing order. More than 72 percent of the producers, accounting for 75 percent of the production represented in the referendum, voted to continue. About 60 percent of the processors, representing more than 78 percent of the 1980 processed cherries in the referendum, also voted in favor. This marketing order has been in effect since 1971 and covers production in Ohio, Michigan, New York, Wisconsin, Pennsylvania, Maryland, Virginia, and West Virginia. The program allows authority to hold cherries in a frozen reserve pool for future distribution during times of short production. A referendum must be held once every 5 years.

Almond Pool.--The Secretary announced on August 26 that 25 percent of the 1981 season almond crop will be placed in a pool reserve. This action was requested by almond growers, because of dramatic supply increases, and authorized by Marketing Order 981, which covers California almonds. Pool almonds will move into non-competitive outlets at salvage prices.

Grade Standard Changes.--On August 5, the Department announced revised Federal grade standards for canned ripe olives. The new standards provide for seven sizes of canned whole and pitted ripe olives: small, medium, large, extra large, jumbo, colossal, and super colossal. Minimum drained weight standards were also established. This proposal will lead to uniform labeling in an industry which used to have some segments using five sizes and others using nine.

On September 17, the Department revised the grade standards for grapefruit juice. Dual grade names, such as U.S. Grade A or U.S. Fancy, have been eliminated in favor of single-letter grade names, such as U.S. Grade A. The standards for grapefruit juice, dehydrated grapefruit juice, concentrated grapefruit juice for manufacturing, and frozen concentrated grapefruit juice have been combined into one grapefruit juice standard. Finally, more mature fruit will be allowed to be processed to provide better-tasting juice in the higher grades. This will be done by allowing more variance in juice color. These actions were taken as a result of a request for revision made in 1977 by the Florida Citrus Processors Association.

USDA Product Licenses.--The Department announced on August 6 that it would grant some exclusive licenses to private companies

to manufacture and sell products patented by USDA. This action was taken to speed up the flow of scientific discoveries to the public. The first license was issued to Pennwalt Corporation to develop a product based on a USDA formula to control nematodes and other parasites. As in the past all new government patents will be offered to all companies on a non-exclusive basis for six months. If no interest is shown then a decision will be made as to if an exclusive license should be issued.

National Forest Receipts Distributed.--More than $171 million was distributed to forty states and Puerto Rico by the Forest Service on October 1. This represented 75 percent of the total amounts due the States as their share of receipts collected by the agency for use of national forest products and services during fiscal year 1981. By law, 25 percent of the revenues collected from activities such as timber sales and grazing in national forests are returned to the States where the land is located. These funds are to be used for schools and roads. In early December, after the actual receipts are fully computed for FY 1981, the remainder of the fund will be distributed. The total amount for fiscal year 1981 should be over $228 million.

Timber Sales Contracts.--On October 15, the Forest Service announced that there would be two-year extensions available on most national forest sales contracts. This will apply to contracts issued before January 1, 1981, and are due to expire before April 1, 1985. This provision will also apply to contracts that had previously been extended one-year, but not to those whose timber is subject to rapid deterioration. Most requirements for road construction will still have to be met during the first year of the extension. It is believed these actions will provide needed economic relief to areas dependent upon national forest timber activities, as well as to purchasers of national forest timber.

Nutrition Programs

School Lunch.--A number of major changes have been made to the Department's nutrition programs as a result of efforts to better target the programs, to reduce fraud and waste and because of budget reductions. Starting in September 1981, 90 schools began 4-year pilot programs to test alternatives to commodity donations for the school lunch program. Thirty of the schools began receiving the cash equivalent to the value of commodities they would be entitled to under the present donation program to purchase food. Another third of the schools began receiving letters of credit allowing them to purchase specific food items from local sources in place of donated commodities. The final 30 schools will serve as control sites and continue to operate under the present program. The study will examine various impacts of the alternatives on school food procurement, including the quality of school lunches, the level of program participation, and cost

effectiveness. This project was mandated by the fiscal year 1981 Agricultural Appropriations Act.

On August 14, the Department tightened the rules on processing of donated foods for agency or school use. This action was taken to ensure that schools were getting full benefit from the estimated 20 percent of donated foods that are processed or repackaged before before use. Some of the new regulations are as follows: Proces sors will have to maintain records documenting that any commercial mercial foods which are substituted for donated foods during processing meet or exceed the quality of the domestic food and are of donated origin. Processors will now be accountable for the quantity and quality of the goods delivered to the schools even if a commercial distributor is used. In addition, State distributing agencies must monitor processing activities through on-site reviews.

Food Stamps.--On October 1, a number of new food stamp rules went into effect as required by The Omnibus Reconciliation Act of 1981. A gross monthly income eligibility limit for all food stamp households replaced a net monthly income figure. Under the new rules, households whose gross incomes before deductions exceed 130 percent of the official poverty line have been declared ineligible. The gross monthly income limit for a family of four will be around $11,000 annually. This does take into account the 13 percent increase in eligibility limits made on July 7. This change should save $244 million. There will no longer be any food stamp benefits to strikers or boarders. This change was accomplished by changing the definition of a food stamp "household." Only those striker households that were eligible to receive benefits before the strike began will get them and then only at the pre-strike level. Household's first month's benefits will be pro-rated. This will end the practice of a household receiving a full month's benefits no matter when it applied and should save $411 million in FY 1982. The current $85 standard and $115 child care-excess shelter deductions will not be indexed as often. The current levels will be frozen until July 1983 and then will be indexed for the 15 months ending with March 1983. The cost-of-living update of the Thrifty Food Plan will also be delayed resulting in a saving of $385 million. Instead of being adjusted every January, the scheduled adjustments will be during April 1982, July 1983, and October in 1984 and every following year. This plan is used in determining how many food stamps a household may get. Finally, the household deduction for earned income will be reduced from 20 to 18 percent of gross earnings. This deduction is made to account for work expenses and should more accurately reflect them.

On October 9, new anti-fraud rules were issued. A new photo ID system will be put in place within a year in food stamp project

areas with 100,000 or more recipients, unless they obtain an exemption. Smaller areas may also fall under this requirement if the Department finds it to be necessary. This program will help prevent ineligible persons from using lost or stolen authorization cards for obtaining food stamps. All ID numbers will be recorded and cross checked to discourage attempts to obtain double allotments of food stamps. Only the person authorized to pick up food stamps will get and use the new ID cards. Exemptions will be made for disabled or elderly persons when necessary. Individuals caught defrauding the Government will be subject to not only criminal and civil penalties, but will be required to pay back fraudulent benefits through the reduction of future benefits. In addition, actual coupons reported lost or stolen will no longer be replaced except under disaster situations and then only once in a six-month period.

WIC.--On September 23, the Department announced a lower income limit for people receiving benefits under the Special Supplemental Food Program for Women, Infants and Children (WIC). The new maximum income limit will be lowered from 195 to 185 percent of the official poverty line, plus a standard deduction. The new level translates to a maximum annual income of $15,630 for a family of four. This action was required by the Omnibus Budget Reconciliation Act of 1981.

International Trade

U.S.-USSR Grain Agreement Extended and Raised.--On August 5, U.S. and USSR negotiators concluded a 1-year extension of the current 5-year grain agreement, previously scheduled to expire September 30, 1981. Following the April 24 lifting of the U.S. sales suspension, the regular semi-annual consultations were held as provided for in the agreement in London on June 8 to 9, 1981. These meetings made available to the Soviet Union an additional 3 million tons each of corn and wheat beyond the agreed limit of 8 million tons a year total, which had already been reached during the agreement's fifth year.

At the first session of regular consulations under the extension year, held in Moscow, September 30 and October 1, the U.S. agreed to make available 15 million tons of grain, of whatever grain or mixture of grains preferred, beyond the 8 million ton limit and proportions stipulated in the original agreement. The next regular consultation will take place in Washington, D.C. probably in the spring of 1982, to further review the prospects for trade under the sixth agreement year although either party may request a sooner meeting.

U.S.-Australian Trade.--In August, the U.S. Department of Commerce determined that Australian lamb producers were receiving benefits from their government which amounted to an export subsidy. The Department's International Trade Administration recommended a

6.81 percent duty be attacched to the f.o.b. value of lamb meat coming from Australia..

In September, amid Australian government protests over U.S. countervailing duties on lamb imports into the United States, the USDA announced new measures to protect U.S. consumers from adulterated Australian meat imports. This followed the discovery of horsemeat labeled as beef coming from an Australian packing plant to California importers. Kangaroo meat and mutton were later found in approved export, as well as domestic, marketing channels mislabeled as beef. Steps are being taken by both governments to test boneless meats leaving Australia for species identification, in addition to wider Australian government inquiries.

Peanut Quota Authorization Amended.--As reported in the last issue of PRN, in December 1980, President Carter increased the 1.7 million pound import quota for peanuts by an additional 200 million pounds. Based on a recommendation by the United States International Trade Commission, President Reagan raised this authorization from 200 to 300 million pounds on April 14, 1981, and further extended the entry deadline from June 30 to July 31, 1981.

International Wheat Agreement Extended.--The United States renewed its membership on May 8, 1981, to the International Wheat Agreement, 1971, for a second 2-year extension. First renewed in March 1979, the Wheat Trade Convention, 1971 (WTC) and the Food Aid Convention, 1980 (FAC), which constitute the International Wheat Agreement, 1971 (IWA), were extended by a conference in London adopting the Protocols for Extension on March 6, 1981. The Protocols extend both Conventions through June 30, 1983. The IWA contains no economic provisions, but rather provides a consultative mechanism for world wheat trade matters through the governing body of the IWA, the International Wheat Council (IWC) and its Secretariat based in London.

The Wheat Trade Convention, 1971, provides for a consultative forum on wheat trade matters including dissemination of world trade and price information, and a continuous wheat-market-condition review and alert committee. The Food Aid Convention, 1980, sets for donor countries a minimum combined total contribution of 7.6 million tons of edible grains and grain products or its cash equivalent and encourages participants and potential IWA members to achieve the 10-million-ton food aid target agreed upon at the 1974 World Food Conference.

U.S.-New Zealand Trade.--The U.S. Government in August agreed to sell 220 million pounds of surplus butter, half of U.S. butter stocks acquired under the dairy support program, to New Zealand

for a price of $155 million (or $1,550 per ton loaded at the warehouse). The New Zealand Dairy Board, as one of the world's leading butter exporters, is in a position to sell the U.S. butter without disrupting world butter markets and prices despite the U.S. Government stipulation that none of the U.S.-origin butter be sold to the USSR. The sale will allow the Commodity Credit Corporation (CCC) to reduce its butter stocks by half, lowering its carrying and storage costs, as well as recovering some costs of the milk support program. This sale was necessary to avoid further product deterioration. The sale will be for delivery from September 1, 1981, to June 30, 1982.

International Cocoa Agreement.--The International Cocoa Agreement (ICCA) will provisionally take effect among ratifying nations, despite failure to reach the required membership quotas. The membership deadline was extended 4 months to September 30, 1981, in an attempt to reach full membership, consisting of countries responsible for 80 percent of world cocoa exports and 70 percent of imports. Member countries decided at a June 29-30, 1981, UNCTAD meeting in Geneva to apply the agreement among themselves, without either the Ivory Coast, the world's largest exporter, or the United States, the biggest importer, both of whom have declined membership.

The present 17 members account for 72 percent of world cocoa exports and 45 percent of imports. The aim of the ICCA is to raise cocoa prices to between $1.10 and $1.50 a pound by influencing supply and demand among its members. The ICCA buffer stock manager began on September 28 purchasing cocoa in defense of the ICCA floor price of $1.10 from a buffer stock fund of $220.5 million (as of July 31). A daily limit of 10,000 tons, reached on September 28, was set, with further limits of 35,000 tons during any 5 consecutive days up to 100,000 tons maximum. Should 5 consecutive days pass after the 100,000 ton maximum is reached, the $1.10 floor price will change to $1.06 per pound, and new intervention purchases will continue up to 75,000 tons.

IMF Cereals Import Fund.--The IMF has expanded its Compensatory Financing Facility (CFF), beginning May 1981, to include cereals compensation for countries with balance-of-payments deficits arising from either shortfalls in domestic production or steep increases in prices of cereal imports. Export financing becomes available for the gap between exports in a shortfall year and their 5-year (geometric) average, centered on the shortfall year, due to a poor harvest, for example. Import financing is available when cereal imports exceed the 5-year (arithmetic) average, centered on the excess year, such as during higher world grain prices. Loans were previously only shortterm loans for export earnings shortfalls. Under the new integrated CFF, either component-export shortfalls or import excesses--can receive up

to 100 percent of the country's quota in the IMF or up to 125 percent of quota for cereal export and import gaps combined. Wheat, rice, and coarse grains are included under cereals (SITC categories 041-046). Interest charges will be between 6 and 8 percent with repayment in the fourth and fifth years following a 3-year grace period. This new facility will operate for 4 years initially and will be reviewed after 2 years.

Malawi has become the first approved borrower under the system, borrowing SDR 12.0 million ($13.6 million) following large maize imports after 2 poor crop years in 1979 and 1980 resulting from drought.

Policy Through Legislation

Although most of the Congressional attention towards farm policy was directed at the farm bill, which was under consideration as of October 31, there were some other actions. The Omnibus Reconciliation Act of 1981, (PL 97-35), which reduced Federal spending in fiscal year 1982 by around $35 billion, required USDA to initiate a number of users' fees and make changes in nutrition programs. These changes may be found throughout the Policy Through Administration section.

Dairy Price Supports.--On March 31, President Reagan signed into law PL 97-6, which rescinded the requirement for the April 1 dairy adjustment. The semi-annual adjustment had been mandated by the Food and Agriculture Act of 1977. This action allowed the dairy price support to officially fall below the 80 percent of parity minimum (the actual level had been below 80 percent for a few months) yet retained the $13.10 support level which had been set on October 1, 1980, for 3.67 milkfat milk. The Administration had requested this action to help bring milk production into line with consumption and reduce government expenditures.

On October 20, the President signed into law PL 97-67 to roll back dairy price supports to their pre-October 1 level. This action was taken as a stopgap measure until the 1981 farm bill was passed or November 15, whichever comes first.

CCC Interest Waiver Repealed.--The President signed into law PL 97-24 on July 23, 1981. This bill repealed a provision of the Agricultural Act of 1980 which waived all interest charges on loans associated with the farmer-owned reserve (FOR). Under the 1977 Act, the Secretary had authority to charge interest on FOR loans. Since the reserve was started, first year interest has been charged, but the second and third years' interest has been waived. To help alleviate the effects of the sales suspension, Congress waived all interest charges for the 1980 and 1981 crops in the FOR in December 1980. The provision was repealed because

of the end of the embargo, so the Secretary could allow early entry of wheat to the FOR, and to reduce budget exposure.

Wheat Referendum Delayed.--PL 97-24 also delayed the mandatory wheat referendum from August to October 15, 1981. This action was taken to avoid a costly referendum that would be ineffective if marketing quotas are again suspended by the 1981 farm bill. PL 97-62 signed on October 14, 1981, further delayed this referendum until November 15, 1981.

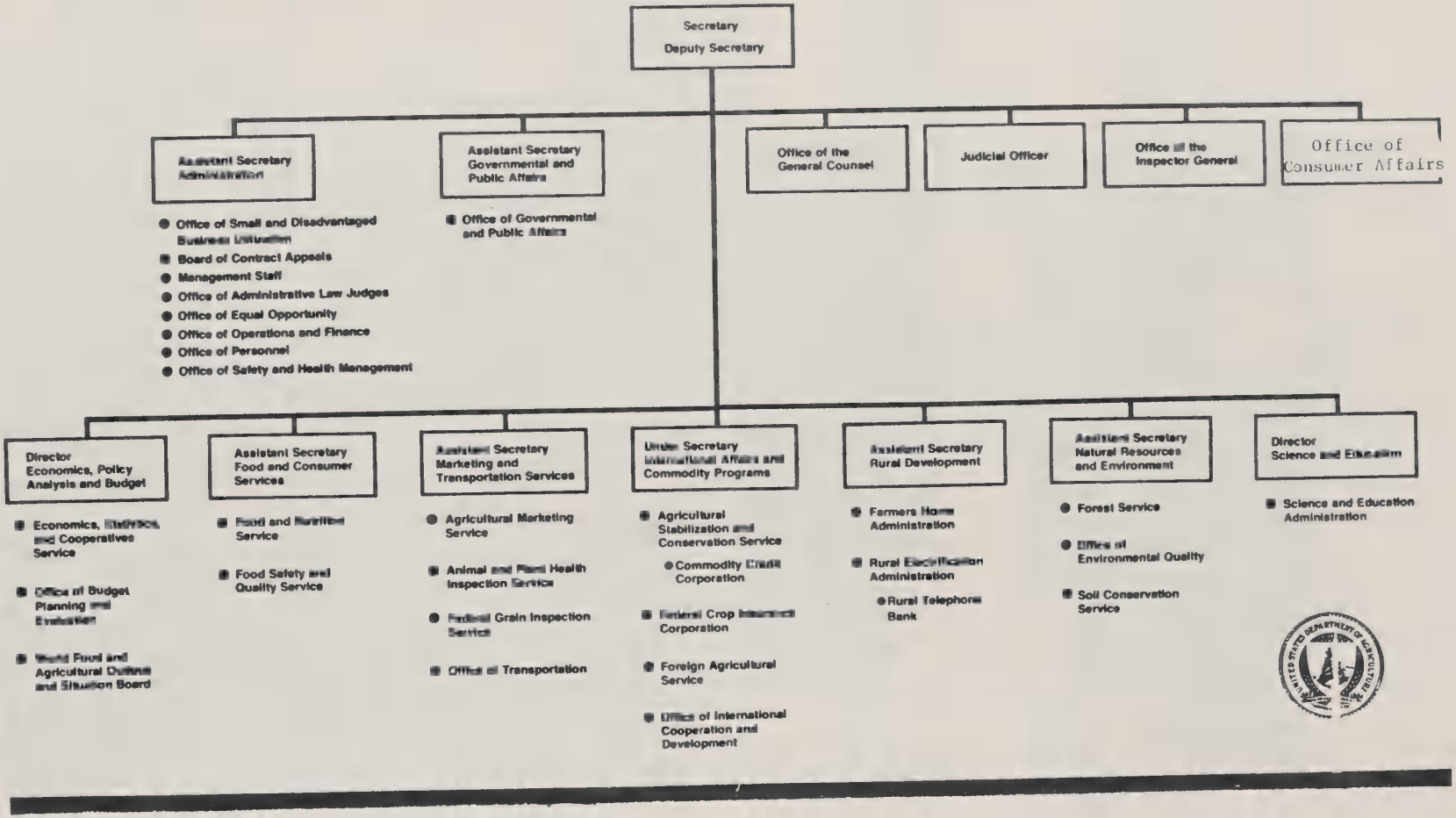
REORGANIZATION AT THE DEPARTMENT OF AGRICULTURE

Soon after the new Administration's officials were confirmed by the Senate a reorganization of USDA was started. However, the majority of the reoganization decisions were not made or announced until June. The accompanying charts detail the Department's structure as of January 1981 and late June 1981.

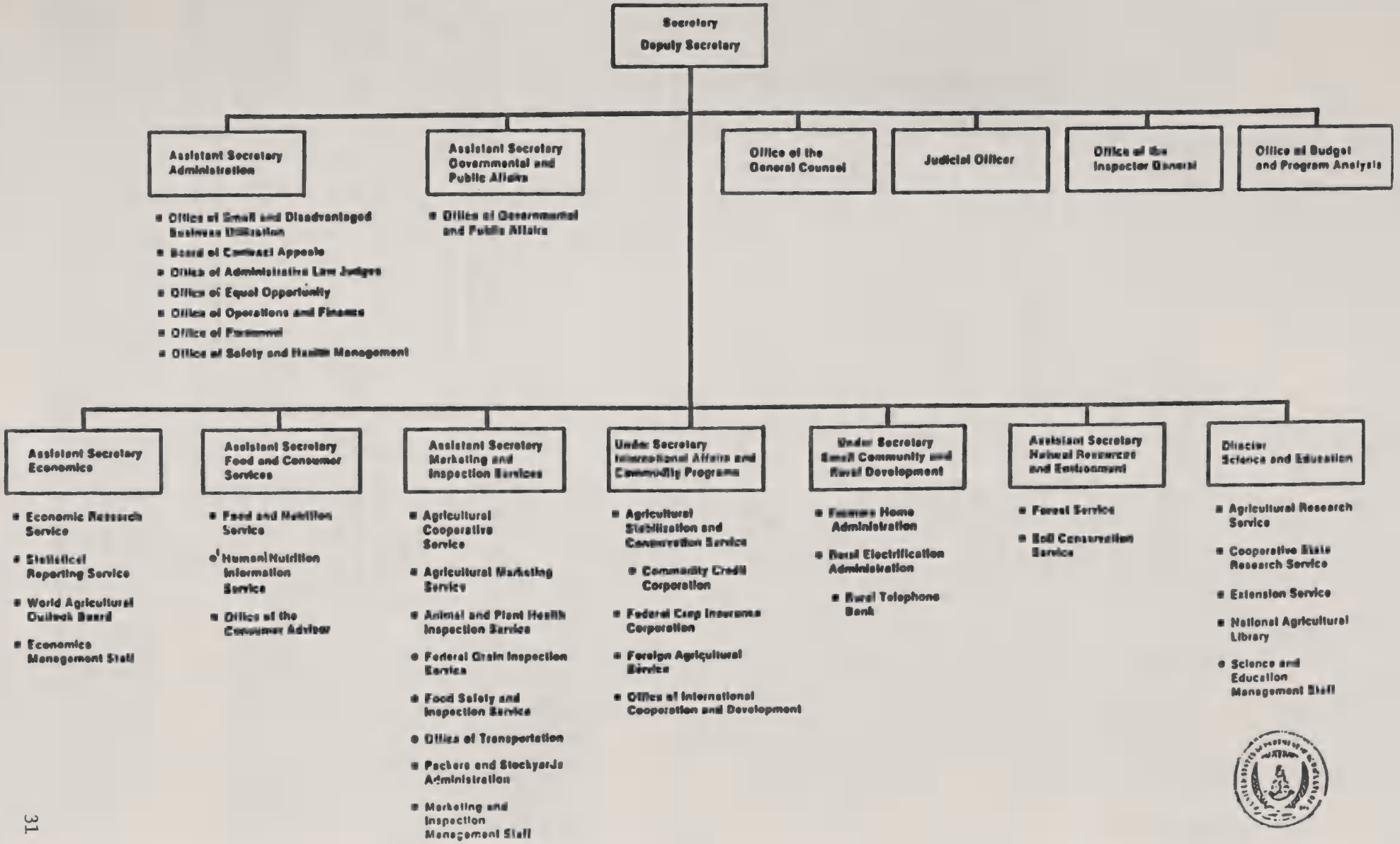
On June 5, it was announced that the Food Safety and Quality Service (FSQS) would be renamed the Food Safety and Inspection Service (FSIS). The agency was also transferred from the jurisdiction of the Assistant Secretary for Food and Consumer Services to the Assistant Secretary for Marketing and Inspection Services--formerly the Assistant Secretary for Marketing and Transportation Services. To help emphasize the Department's marketing functions the commodity services program, which provides voluntary grading services and develops grade standards for a variety of commodities, was moved out of FSIS and returned to the Agriculture Marketing Service (AMS). In addition, on June 5 the Packers and Stockyards Administration (P&SA) was removed from AMS and made into a separate agency.

Nearly every area of the Department was affected by a reorganization action announced on June 17. One small agency was abolished--the Office of Environmental Quality. Its functions were distributed to other appropriate agencies. The Science and Education Administration was split into four separate agencies--Agricultural Research Service, Cooperative State Research Service, Extension Service, and the National Agricultural Library. These agencies will continue to be under the jurisdiction of the Director of Science and Education. In addition, the Director of Science and Education will continue to be responsible for human nutrition research. However, a new agency--the Human Nutrition Information Service, which will be under the jurisdiction of the Assistant Secretary for Food and Consumer Services--will handle the nutrition information function, which also had been the responsibility of the Director of Science and Education. The Assistant Secretary for Food and Consumer Services became responsible for the Office of Consumer Affairs, which was renamed the Office of Consumer

United States Department of Agriculture -- JANUARY 1981



United States Department of Agriculture -- JUNE 1981



Advisor. The agency had reported directly to the Secretary of Agriculture prior to the reorganization.

The agencies under the jurisdiction of the Assistant Secretary for Economics--formerly known as the Director of Economics, Policy Analysis and Budget--were also realigned. The January 1981 chart incorrectly includes the Economics, Statistics and Cooperative Services (ESCS). This agency had been modified in 1980 when the Agricultural Cooperatives Service was removed and made into a new agency under the responsibility of the Assistant Secretary for Marketing and Inspection Services. ESCS was renamed the Economics and Statistics Service (ESS). On June 17, this agency was split back into two agencies--the Economic Research Service (ERS) and the Statistical Reporting Service (SRS). The World Food and Agricultural Outlook and Situation Board was given a shorter name--the World Agricultural Outlook Board. Finally, the Office of Budget, Planning and Evaluation was renamed the Office of Budget and Program Analysis. It had previously been removed from the jurisdiction of the Assistant Secretary for Economics to be directly responsible to the Office of the Secretary.

There have been a few other changes in the Department. The position of Assistant Secretary for Rural Development was elevated to Under Secretary for Small Community and Rural Development as of October 7, 1980. This was mandated by PL 96-335.

A REVIEW OF THE IMPACT OF INFLATION ON AGRICULTURE by

Luther G. Tweeten*

Any listing of farmers' economic problems would place inflation at or near the top. Inflation is defined herein as an increase in weighted average prices in the general price level. In his discussion of the impact of inflation on agricultural finance, LaDue (p. 1067) concluded "how little we know." The purpose of this paper is to review some findings mainly from research at Oklahoma State University on inflation relating to agricultural finance, real farm prices and other agricultural topics.

Agricultural Finance

Inflation has far-reaching impact on the farming industry through its most fixed resource--land. Understanding this impact requires recognition of a fundamental theorem derived from theory and supported by empirical evidence; namely, that the current rate of return on farmland is invariant to the expected rate of inflation

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(Tweeten 1981b, p. 3). The current rate of return on farmland or ratio of net rent to land price, about 4 percent, is also in theory the real rate of return if earnings on land and other investments increase at the same rate as the general price level. Hence, if inflation is expected to average 9 percent, the current mortgage interest rate, which is the real rate of interest (probably about 3 percent) plus the inflation premium, tends to average about 12 percent. It follows that if inflation were at less than 1 percent, current farmland earnings would pay mortgage interest but with 9 percent expected inflation the earnings from three acres are initially required to pay the current mortgage interest on one acre, disregarding capital gains.

Several observations and implications relating to characteristics of land pricing and returns under inflation are presented below.

(1) Low current earnings relative to land prices have brought numerous claims in recent years that farmland is overpriced, that speculation is holding up prices and that farmland investors are in danger of incurring large losses and foreclosures as the speculative bubble bursts. In fact, the land market has behaved about as economic theory predicts it would. If future land earnings keep pace with inflation as they have for many years (except for short periods such as 1980 and 1981), land prices and capital gains on land are also expected to keep pace with inflation. Thus the rational investor expecting 9 percent inflation will receive a total return of about 13 percent (4 percent from current earnings and 9 percent from capital gains) and will pay 12 percent mortgage interest, leaving a 1 percent point premium to cover the net effect of risk and the pleasure of owning land. This percentage point premium is the same in the absence of inflation, thus, land is expected to earn about 4 percent when the mortgage interest rate is 3 percent. The process of moving from a high to a low inflation rate can be destabilizing and traumatic, of course.

(2) High inflation rates create massive cash-flow problems for new owner-operators of farms. The higher the expected inflation rate, the greater is the cash-flow deficit on land in early years and the greater the cash-flow surplus in later years. In theory, capital gains could be mined to cover the deficit, but in practice creditors will not extend funds for such purposes to the extent required by the heavily leveraged debtor because capital gains are uncertain "paper profits" not easily measured or acquired in case of loan default.

Liquidity problems from inflation are most disadvantageous to family farmers at the entry level who rely on the farm for their livelihood. Least affected are investors who have diversified sources of income and financing such as large agribusiness corporations, part-time farmers, and established farm owner-operators.

It follows that the impact of high inflation rates is to tilt the future structure of the farming industry towards small part-time farmers, high wealth existing farmers and non-farmers, and agribusiness corporations. The tilt is also towards greater external financing of farming, and towards operator tenancy under non-farm ownership of farmland. Each of these characteristics compromises most images of the family farm ideal.

(3) In the 1970's many who observed only the low current rate of return and ignored capital gains on farmland mistakenly concluded that the farming industry was depressed and undercompensated for resources and went on to call for higher commodity price supports. This confused the very real cash-flow problem stemming from inflation with a less real low total return problem. High commodity price supports can indeed cure the cash-flow problem for current landowners but can intensify liquidity problems for subsequent buyers who will face even larger mortgage costs and entry hurdles after land values have adjusted to land earnings raised by price supports.

(4) To state that the current (and real) rate of return, about 4 percent, is invariant to inflation is to state that the capitalization factor for land price is about 25 times rent, whatever the inflation rate. Thus the use value of land for property tax or estate tax is rent divided by .04 rather than by the current farm mortgage interest rate.

(5) Statements such as "inflation makes farmland a good investment" and "farmers gain from inflation because they are net debtors" are misleading and potentially damaging simplifications. The old system of long-term fixed mortgage rates was a zero-sum game played by debtors and creditors with losses to creditors under unanticipated inflation and losses to debtors under unanticipated deflation unless they could refinance at lower interest rates. Debtors were lucky but there is no reason to believe that debtors will outperform creditors consistently in anticipating future inflation. New mortgages indexed to the cost of funds partially eliminate the transfer game but introduce new risks to farm operators because inflation and deflation in land earnings do not correlate fully with those in interest costs. Other credit innovations such as flexible and rollover principal payments also assist farmers faced with liquidity problems (Klinefelter, Penson, Fraser).

Inflation does not automatically make farmland a good investment. To be sure, farmland rates of return from current earnings and capital gains exceeded rates of return on stocks and bonds in the 1970's when inflation accelerated and was unanticipated. Land was underpriced and huge real capital gains accrued as land prices moved inexorably toward equilibrium. Evidence is lacking that the land market was dominated by speculators who believed the farm real

estate market was a giant pyramid scheme or an inflation hedge unrelated to prospective earnings (Tweeten 1981b). Land prices are closer to equilibrium now and future increases will depend heavily on expectations of future earnings. In coming to a decision, prospective investors in farmland would be wise to eye more closely expected future trends in land earnings rather than trends in land prices or inflation.

Cost-Price.--Inflationary monetary policy which raises the general price level is expected to have uneven impacts among sectors of the economy. Imperfectly competitive sectors characterized by administered or negotiated prices more readily pass on inflated costs to other sectors or consumers than does the competitive farming sector. The result is a cost price squeeze from inflation as farmers are unable to readily pass on higher costs to the markets for their products.

This heuristic argument receives some support from more careful empirical analysis (Tweeten 1980a). If retail and marketing demand functions for farm output are homogenous of degree zero in prices and income and if demand curve price and income shifters are of unitary elasticity with respect to the general price level, then demand at the farm level exhibits unitary elasticity with respect to inflation. Similarly, if the farm supply curve is homogenous of degree zero in prices and the supply curve price shifters are of unitary elasticity with respect to the general price level, then supply at the farm level also exhibits unitary elasticity with respect to inflation. Increasing the general price level by 1 percent shifts upward nominal farm demand 1 percent, nominal supply 1 percent and prices received by farmers 1 percent; and output remains unchanged. This textbook behavior is precisely what was found empirically for demand based on 1963-77 annual data (Tweeten 1980a).

Supply was not so well behaved in the period. Data revealed that each 1 percent increase in the general price level was associated with nearly a 1.4 percent rise in prices paid by farmers. In theory, this would shift nominal supply at the farm level upward by 1.4 percent. If prices received by farmers increase only 1 percent with supply quantity fixed in the short run, the ratio of prices received to prices paid by farmers is 1.0/1.4 = .71, or 71 percent of its former value. In other terms, prices received by farmers increase only .71 percent for each percentage point increase in prices paid by farmers from inflation in the short run. Because the inflation passthrough, 71 percent, is less than 100 percent, the parity ratio is reduced.

If nominal demand and supply curves do not shift upwards equally in response to inflation, output eventually adjusts to a new equilibrium quantity. Tweeten and Griffin derived and estimated

a mathematical model depicting that adjustment. Farmers restrain inputs and output in response to lower real prices. This raises product price and, because demand is price inelastic, raises revenue. If the elasticity of input demand (assuming input supply is perfectly elastic) exceeds the elasticity of output demand in absolute terms, then inflation in prices paid by farmers in excess of that in prices received by farmers increases net farm income. The input demand elasticity is also the output supply elasticity (sign reversed) in the aggregate. In fact, supply is somewhat fixed and more inelastic than demand in the short run, hence inflation reflected more fully in input prices than in output prices reduced net farm income in the short run. But in the long run, supply elasticity is as great as the demand elasticity and real net farm income, along with its associated parity ratio, are run can be traumatic. Inflated rates of interest, taxes and wages especially impacted adversely on net farm income in the historic period considered because the demand for the inputs associated with these "prices" is highly inelastic (Tweeten and Griffin).

As farmers learn to anticipate inflation, the "long run" is shortened. Evidence of an increasing rate of inflation passthrough to prices received by farmers in recent years probably in part is due to more complete anticipation of inflation by farmers.

To the extent that farmers restrain output to restore the ratio of prices received to prices paid in response to inflation, a net social cost, in welfare economics terms, is entailed which can be measured by the triangle bounded by the initial supply and demand curves and a vertical line at the reduced quantity. This net social cost is unlikely to be large in the long run as inflation induces more nearly equal upward shifts in nominal demand and supply curves and as the time period is extended.

Finally, it should be noted that the cost-price squeeze varies with the source of inflationary pressure. If the source of inflationary pressure is a world food crisis, the farming industry is likely to fare better than if the source is the wage-price spiral. It should be noted that inflationary pressures, for example, from OPEC oil price hikes, do not result in inflation without being validated by an increase in the money supply.

Investment

The impact of inflation on aggregate real investment in the farming industry has many dimensions. Cost-price pressures reduce incentives to invest. On the other hand, cash-flow and instability impacts on investment can be quite different.

The impact on investment of the cash-flow squeeze imposed by inflation can be divided into entry and firm growth dimensions. Evidence indicates that the entry effect is much greater than the growth effect (O'Carroll). Cash-flow problems associated with

inflation tend to discourage investment in farming by restricting entry, reducing the size of a farming unit that can be purchased with a given equity, and encouraging tenancy. On the other hand, inflation encourages savings and investment by tilting cash-flow toward deficits in early years and surpluses in later years for a family farmer. It follows that inflation forces farm owner-operators into high rates of savings and investment to survive in early years and permits high rates of saving and investment out of surplus earnings in excess of consumption needs in later years.

Taxes interact with inflation (Eginton). Inflation raises nominal income and causes "bracket creep" into higher income tax rates, thereby reducing real income for investment. This influence from federal income taxes will be removed in time under 1981 legislation.

Tax regulations also encourage investment in farmland because of favorable treatment of capital gains. A shift in the inflation rate can have a large impact on after-tax land earnings and prices as investors engage in arbitrage, shifting investments from assets such as bonds to farm real estate (Tweeten 1981b, p. 39).

A farmer with an aggressive investment strategy is restricted by cash flow in early years but reaps large tax benefits from investment tax credits, depreciation allowances and interest write-offs. Our research indicates that even failure to index federal income taxes does not markedly slow the growth in real net worth for such a farmer. In latter years, however, he may be severly constrained in cash flow and net worth accumulation by uniform annual payments on long-term mortgages incurred in early years and no longer sheltered from taxes by a large component of mortgage interest payments. As a result, investment and firm growth rates were similar for various rates of inflation with a family farm operation simulated over a 30-year period (O'Carroll). Growth in real net worth was faster in early years and slower in later years with a low inflation rate. And growth was slower in early years but faster in later years with a high inflation rate. Frequent refinancing or a perpetual mortgage can reduce the above effects, but a successful policy of tax avoidance conflicts with efforts to improve farm living standards.

Changing rates of inflation also affect investment through instability (Johnson). Unanticipated changes in inflation rates create possibilities for real wealth gains or losses. Indexed mortgage rates reduce possibilities of long-term gains or losses but increase short-run instability of income. There is no reason to expect that short-term changes in interest rates will match precisely changes in farm earnings associated with inflation. Inflation increases cash costs for interest and other inputs relative to receipts, thereby increasing vulnerability of farmers to financial crisis when receipts fall. Because investors on the

whole are risk averse, these impacts of instability caused by inflation probably reduce investment.

On the other hand, instability in farm income induced by inflation raises the transitory relative to the permanent component of farm income. Farmers display a high propensity to invest out of positive transitory income, a low propensity to invest out of permanent income, and a low and insignificant propensity to disinvest out of negative transitory income (Li, Tweeten, Rogers). With a given average income, profitability, and productivity, it follows that unstable income produces more investment than a stable income. Coefficients were not statistically significant on variables measuring inflation introduced into investment equations estimated by least squares with time series data. This empirical finding suggests that opposing factors making for increased or decreased investment induced by inflation tend to be offsetting. The hypothesis could not be rejected in that study that inflation has no major net impact on real investment in farming.

Efficiency

I am aware of no empirical studies of the impact of inflation on farming productivity. Even if aggregate investment is not influenced notably by inflation, its timing and form are changed. Tax provisions interact with inflation to favor investment in land and other durables. Distorted market signals result in allocations inconsistent with norms of perfect competition. Uncertainty introduced by inflation thwarts long-term planning designed to bring about the most efficient level and combination of inputs and outputs (Ruttan).

Inflation probably leaves farming in financially strong hands and restricts entry of family size operations. Fewer, larger farms at present scale levels probably enhance farming efficiency. Inflation also encourages the trend toward greater numbers of small, part-time farmers who can cope with cash-flow deficits through off-farm income. But such farms are less efficient than other farms and detract from overall farming efficiency.

In net, inflation probably reduces farming efficiency but perhaps not to a substantial degree.

Exports

Inflation impacts farming through international markets in ways not fully understood or quantified. The impact can best be examined within the context of an inflation cycle. With permissive monetary-fiscal policy in the expansionary phase, aggregate demand expands and interest rates initially fall. Imports rise and exports drop as domestic markets utilize available production. Balance of payments deteriorate both in the trade and financial accounts. The value of the dollar drops in foreign markets and domestic inflation increases. The drop in the

value of the dollar makes U.S. farm products more attractive to foreigners and farm exports rise. Domestic inflation leads to monetary-fiscal restraints in the stabilization phase of the inflation cycle, which raises interest rates and reduces aggregate domestic demand. The result is improvement in the balance of payments both in trade and financial accounts. The value of the dollar rises in international markets with the deflation phase, and U.S. farm export demand falls. The net impact on the farming industry through this inflation cycle taken as a whole remains unclear but of favorable and unfavorable impacts on farm exports and prices offset each other to some unknown degree. This is an obvious area for research.

Conclusions

Dating from the birth of this nation, farmers have favored easy money policies as evidenced by their opposition to strong central banking, redemption of greenbacks for specie payments, and the gold standard. That policy position may have made sense in times past because of the higher income elasticity of demand for farm products, strong need for credit as the frontier moved westward and crises caused by frequent recessions and depressions. Farmers are also tempted to favor easy money and inflation as they remember massive real wealth gains accrued since World War II as net debtors under unanticipated inflation.

Inflation imposes cash-flow, cost-price, and instability impacts unfavorable to the farming economy. Lenders will not consistently underestimate inflation and many are indexing interest rates, removing or reducing opportunities for real wealth gains from unanticipated inflation. On the other side of the cycle, deflation would cause real wealth losses to farmers who incurred long-term debt obligations at high fixed interest rates. But only a small portion of farm assets are encumbered by real estate debt and much of that was incurred in earlier years at low interest rates, under indexed mortgage interest rates in recent years, or is in strong financial hands.

Times have changed and a strong case can be made that farmers now have much to gain from national monetary-fiscal policy that restrains inflation while promoting national economic growth. If farmers and those who represent them in government are to work for appropriate macroeconomic policy, it is important to know not only how monetary-fiscal policy affects farmers but also what is sound monetary-fiscal policy (Prentice and Schertz).

My review (Tweeten 1980b, 1981a) of macroeconomic theory and data leads me to conclude that supply-side economics is long overdue to promote economic growth with price stability but the "Laffer Curve" is an unfortunate appendage. Unwarranted expectations of the tax revenues to be generated by lower tax rates have provided

the basis for continued large federal deficits more in the neo-Keynesian than supply-side economics tradition. The deficit that is likely to result from unfulfilled expectations of tax revenue generated by tax rate cuts will either exacerbate inflation or discourage private investment because of tight money required to restrain inflation.

Monetary restraint alone could eventually contain inflation but apparently not at a politically acceptable price in terms of unemployment and idle capacity, as evidenced by the United Kingdom and to lesser degree the United States in 1981. Available evidence which I examined in detail elsewhere (Tweeten 1981a) leads me to conclude that economic growth with price stability will require coming to terms with the structure of the economy. Space limitations preclude spelling out in this paper the required changes in structure.

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CHARACTERISTICS OF CORPORATE PRODUCERS OF TARGET-PRICE COMMODITIES

by James D. Johnson, Annie Y. Kester and Kenneth C. Clayton

INTRODUCTION

Among the many changes that have occurred in U.S. agriculture in recent years has been an increase in the number of corporate farms. Between the late 1960's and the mid-1970's the number of farm corporations increased by one-third; the land controlled by corporate farms increased by one-fifth; the value of farmland and buildings owned by corporations more than doubled; and the value of agricultural products sold by corporations more than doubled. However, as Reimund has aptly pointed out, although many people equate the increase in farming corporations with nonfarm control of farm resources the data do not support such a conclusion. In 1978, corporations whose primary business was farming accounted for 88 percent of corporate farms, 85 percent of the land in farms, and 80 percent of the product sold by corporations [Reimund].

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Nevertheless, interest has persisted in the increased involvement by corporations in U.S. agriculture. As a part of 1977 farm legislation the Congress required an investigation into the nature and significance of this source of change in the agricultural sector [U.S. Senate Committee]. Among the statutory mandates was a requirement that USDA evaluate the impacts on production and commodity program participation of a prohibition of program payments to corporate producers.

The purpose of this paper is to further summarize certain of the tenure and operating characteristics of incorporated producers who chose to participate in the 1978 commodity programs. The specific focus of the paper is on the target-price commodities (viz., wheat, corn, sorghum, barley, cotton, and rice) that are covered by government income-support programs. 1/ Because of the economic and policy importance of these crops the data presented have particular relevance for the design and evaluation of agricultural policy and programs.

Data

This study is based on data assembled during 1978 by the Agricultural Stabilization and Conservation Service (ASCS) of USDA. 2/ ASCS defines a "farm" as a tract of land which an ASCS county committee has determined to be operated by one person with cropping practices, equipment, labor, accounting systems, and management substantially separate from that of any other unit. Based on this definition, ASCS county offices throughout the nation provided information on farms owned and/or operated by incorporated businesses (including those in which an incorporated business had only partial ownership).

Information was obtained on each farm concerning its cropland use and whether it was a participant in one or more of the federal commodity programs. Information on the incorporated business associated with each farm included whether farming was the principal business activity of the corporation, the number of shareholders, and whether the corporation was the owner-operator, operator, or owner of the farm.

Findings

There were approximately 64,000 farms identified by ASCS for this analysis. These farms were owned and/or operated by about 42,000 incorporated businesses. In other words, one or more farms could be owned and/or operated by a corporation. An overview of the tenure and operational characteristics of these farms and their

1/ Soybeans are also included in the analysis because of their importance as a major feedstuff.

2/ These data were originally assembled for a study mandated by the Congress on the impacts of prohibiting commodity payments to corporations on crop production and program participation.

associated corporations is presented below. This is followed by a closer look at some of the regional detail provided in the data.

An Overview

Tenure and Ownership.--Of the 64,000 farms identified for analysis, nearly two-thirds were owned and operated, or operated, by incorporated businesses (see table 1). The remaining third was categorized as owner-only; incorporated businesses owned but did not operate these farms.

More than 37,000 of the farms identified were associated with incorporated businesses that had farming as their major activity. Of these farms, 90 percent were linked to incorporated businesses with fewer than 16 shareholders and 3 percent with 16 or more shareholders. For the remaining 7 percent the number of shareholders was unknown to the ASCS county offices.

Of the 42,000 incorporated businesses identified, half of them owned and operated farms (see table 2). One-fourth of the incorporated businesses only operated farms. The remaining quarter owned but did not operate farms. More than 70 percent of these incorporated businesses were closely-held corporations having fewer than 16 shareholders. Approximately half of these closely-held corporations were classified as owner-operator with the other half involving operator-only and owner-only status.

More than 26,000 of the incorporated businesses had farming as their major business activity. Of these corporations, 90 percent had fewer than 16 shareholders and 50 percent owned and operated their farms. Almost 2,000 of these also engaged in some nonfarm activities.

Approximately 20 percent of the incorporated businesses identified were engaged primarily in nonfarm activities. Nearly 50 percent of these corporations owned and operated farms. About two-thirds of these nonfarm corporations had fewer than 16 shareholders.

Operational Characteristics.--Of the 42,000 incorporated businesses identified about two-thirds, or 28,000, produced one or more of the program commodities--wheat, corn, sorghum, barley, oats, soybeans, cotton, or rice on their farms. Crop acreage under production by these incorporated businesses totalled 17 million acres (see table 3).

Approximately one-fifth of the incorporated businesses were involved with farms of less than 220 acres. Most of these "small" farms were owned but not operated by the corporations. Less than 4 percent of the corporate acreage of program crops and soybeans was produced on these farms. Corn and soybeans were the most commonly produced crops.

Table 1-ASCS incorporated farm entities by nature of business, tenure, and number of shareholders of associated corporations 1

Tenure	Major activity of the corporate entity											
	Primarily farming			Primarily nonfarm			Unknown in ASCS office			Primarily in farming but with some nonfarm business 2/		
	Shareholders		Non-response	Shareholders		Non-response	Shareholders		Non-response	Shareholder		Non-response
	15 or fewer	16 or more	on share-holders	15 or fewer	16 or more	on share-holders	15 or fewer	16 or More	on share-holders	15 or fewer	16 or more	on share-holders
Owner-Operator:												
Number	13,363	473	1,311	2,476	1,312	1,784	1,197	72	2,746	1,011	124	167
Acres	10,269,319	579,943	1,075,731	656,264	390,089	350,337	922,777	82,331	1,315,958	1,000,265	209,350	393,365
Operater: Only												
Number	13,329	306	849	662	334	297	1,031	39	1,086	1,000	81	144
Acres	5,219,233	137,976	346,737	141,283	75,745	46,560	535,494	25,605	598,232	303,515	44,936	86,161
Owner Only												
Number	5,837	334	534	2,769	3,259	2,878	1,074	75	2,630	464	82	67
Acres	2,734,183	210,859	217,489	589,448	773,346	499,531	538,680	40,446	930,374	238,682	27,952	20,322
Total no. of farms 3/	33,437	1,151	2,764	6,024	5,035	5,143	3,403	198	6,944	2,548	294	378

1/ Information on the nature of business operations, either farm or non-farm, and the number of shareholders of corporations was based on the knowledge of farming operations of county office personnel of the Agricultural Stabilization and Conservation Service, USDA.

2/ This is a subset of farm entities grouped under "Primarily farming"; it includes farms associated with corporations primarily in farming with some nonfarm business.

3/ The columns will not sum to the total since some farms were not identified by tenure.

Source: Agricultural Stabilization and Conservation Service

Table 2. Corporations with a farm interest by nature of business, tenure, and number of shareholders

Tenure	Major activity of the corporate entity											
	Primarily farming			Primarily nonfarm			Unknown in ASCS office			Primarily in farming but with some nonfarm business 1/		
	Shareholders		Non-response	Shareholders		Non-response	Shareholders		Non-response	Shareholder		Non-response
	15 or fewer	16 or more	on share-holders	15 or fewer	16 or more	on share-holders	15 or fewer	16 or More	on share-holders	15 or fewer	16 or more	on share-holders
Owner-Operator	11,787	401	1,148	1,932	702	1,110	1,055	57	1,952	870	91	135
Owner Only	4,364	211	367	1,897	1,081	1,321	780	48	1,422	295	36	43
Operator Only	6,418	184	457	293	119	116	596	22	573	356	38	40
Total 2/	23,279	831	2,022	4,213	1,961	2,662	2,512	139	4,229	1,575	172	218

1/ A subset of farm entities grouped under "Primarily farming"; this includes farms associated with corporations primarily in farming while engaging in some nonfarm business.

2/ The columns will not sum to the total since somecorporations were not identified by tenure.

Source: Agricultural Stabilization and Conservation Service.

Table 3. Incorporated producers--crop production, tenure, and farm size

	Less than 70		70-219		220-499		2500-1499		1500-2,499		2500 and over:		All Sizes	
	Prod.	Acres	Prod.	Acres	Prod.	Acres	Prod.	Acres:	Prod.	Acres:	Prod.	Acres:	Prod.	Acres
	No.	1000	No.	1000	No.	1000	No.	1000	No.	1000	No.	1000	No.	1000
Wheat														
Owner-operator (or operator only)	71	19.9	329	13.7	839	61	2350	416.5	1398	588.6	2379	677.2	7,366	3359.9
Owner only	197	4.3	669	26.4	827	58.0	1036	173.8	337	120.2	559	556.8	3,625	939.6
Corn														
Owner-operator (or operator only)	253	10.9	1156	66.0	2102	268.9	3929	1166.9	1192	555.3	1259	779.0	9871	2846.9
Owner only	546	13.9	1774	101.9	1718	216.0	1496	443.3	324	159.3	337	270.6	6196	1205.3
Sorghum														
Owner-operator (or operator only)	7	.1	113	5.9	224	17.5	791	118.0	453	128.5	547	301.2	2135	571.1
Owner only	73	1.6	271	11.9	337	26.0	430	59.4	143	36.4	163	89.5	1417	224.8
Barley														
Owner-operator (or operator only)	21	2.8	91	4.3	262	16.4	805	116.5	508	110.6	1228	603.8	2,915	854.5
Owner only	24	1.2	99	4.6	157	11.1	185	22.6	111	83.0	231	231.6	807	354.1
Cotton														
Owner-operator (or operator only)	29	1.6	89	6.0	190	28.1	649	220.2	350	194.5	490	777.2	1797	1227.6
Owner only	108	2.5	155	90.8	156	18.6	229	62.6	100	56.8	135	340.8	883	572.1
Rice														
Owner-operator (or operator only)	3	.3	35	3.2	77	11.8	353	112.1	206	94.3	242	269.6	916	491.0
Owner only	5	.1	30	1.6	55	7.4	151	39.0	60	25.7	78	86.0	379	159.9
Soybeans														
Owner-operator (or operator only)	183	10.4	743	82.7	1336	261.7	2818	825.2	911	527.7	822	1152.3	6813	2859.9
Owner only	488	49.9	1426	96.7	1377	145.0	1255	298.1	314	180.1	267	409.9	5127	1188.8
Total														
Owner-operator (or operator only)	459	47.1	1694	185.6	2946	678.6	6107	3026.2	2462	2326.7	3559	6237.6	17227	12401.8
Owner only	1214	74.4	2812	337.4	2529	491.5	2468	1122.8	683	667.4	848	2005.8	10554	4699.3
All	1,673	121.5	4506	523.0	5475	1170.1	8575	4149.0	3145	2994.1	4407	8243.4	27781	17101.1
Percent of total	6.0	.7	16.2	3.1	19.7	6.8	30.9	24.3	11.3	17.5	15.9	48.2	100.0	100.0

1/ Farm size measured by acres of farmland.
2/ Totals reflect corporate acreage of oats which is not reflected in the table.

More than half of the incorporated businesses had farms averaging between 220 and 1,500 acres in size. In contrast to the "small" corporate farms of less than 220 acres, nearly two-thirds of these "medium-sized" farms were owned and operated by the corporations.

About one-fourth of the incorporated businesses had farms of more than 1,500 acres in size. These "large" corporate farms accounted for approximately two-thirds of the corporate planted acreage of program crops.

Corporate farms averaging more than 2,500 acres accounted for almost half of the corporate acreage of program crops. Of these latter farms, 80 percent both owned and operated farms. About one-third of the corporate wheat acreage and one-fourth of the corporate corn acreage was found on these farms. In addition, cotton and rice production was concentrated on these 2,500+ acre farms, accounting for 62 percent of the corporate cotton and 55 percent of the corporate rice production.

Approximately 60 percent of the incorporated businesses that grew wheat, feed grains, cotton, or rice participated in one or more of the 1978 commodity programs (see table 4). Of these, 65 percent were incorporated producers who were either owner-operators or operators and 35 percent were owner-only corporations. More than 20 percent of the participating incorporated businesses had farms of at least 2,500 acres, accounting for about half of the program acreage. Nonparticipating incorporated businesses generally had farms with smaller acreages.

Regional Patterns

There were some 43,000 ASCS farms associated with incorporated businesses having fewer than 16 shareholders. One-fourth of these businesses were concentrated in the Corn Belt, half were found in the Plains, the Mountain, the Pacific, and the Delta States. The rest were located in the Appalachian, the Northeastern, and the Southeastern States (see table 5).

Nearly 38,000 ASCS farms were associated with incorporated businesses engaged primarily in farming activities. One-fourth of these farms were found in the Corn Belt. The Appalachian and the Southeastern States had the smallest proportions of these farms.

Almost 20,000 ASCS farms were associated with incorporated businesses engaged primarily in nonfarm activities. More than 30 percent of these farms were found in the Corn Belt. The Delta States had the fewest number of these farms. Farms which were owned and operated by an incorporated business were most common in the Northeastern and Southeastern States. The Delta and Northern Plains had the lowest percentage of these owner-operated farms. Farms that were owned but not operated by

Table 4. Incorporated Producers - participation in 1978 commodity programs

	Less than 70		70-219		220-449		500-1499		1500-2499		2,500 and over		All Size	
	Prod.	Acres	Prod.	Acres	Prod.	Acres	Prod.	Acres	Prod.	Acres	Prod.	Acres	Prod.	Acres
	No.	1000	No.	1000	No.	1000	No.	1000	No.	1000	No.	1000	No.	1000
						Participants								
Owner/operator and operators	105	16.4	654	58.4	1458	402.9	3911	2029.2	1853	1687.0	2721	4518.6	10702	8712.6
Owners only	335	19.0	1167	98.6	1380	264.0	1646	721.4	505	518.6	682	1506.2	5712	3127.7
TOTAL	440	35.4	1821	157.1	2838	666.9	5557	2750.6	2358	2205.6	3403	6024.8	16414	11840.3
Percent of total	2.7	.3	11.1	1.3	17.3	5.6	33.9	23.2	14.4	18.6	20.7	50.9	100.0	100.0
						Non Participants								
Owner-operator and operators	354	30.7	1040	127.1	1488	275.7	2196	977.0	609	639.7	838	1719.0	6525	3689.2
Owners only	879	55.4	1645	238.8	1149	227.5	822	401.4	178	148.4	166	499.6	4839	1571.6
TOTAL	1233	86.1	2685	365.9	2637	503.2	3018	1378.4	787	788.1	1004	2218.6	11,364	5,260.8
Percent of total	10.9	1.6	23.6	7.0	23.2	10.0	26.6	26.2	6.8	15.0	8.8	42.2	100.0	100.0

Table 5. Tenure and ownership of incorporated farms.

Region	Fewer than 16 Shareholders		Farming as major activity		Engaged in Nonfarm Business		Farming as major activity and less than 16 Shareholders		Owner Operator	Owner Only	Operator Only
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Number	Number
PACIFIC	3,750	8.6	3,502	9.3	991	5.2	3,085	9.1	2285	1179	2097
MOUNTAIN	5,647	12.9	4,772	12.7	1,212	6.3	4,441	13.1	3801	1839	1333
NORTHERN PLAINS	7,576	17.3	6,282	16.7	1,898	9.9	5,856	17.3	2742	3270	3290
SOUTHERN PLAINS	2,667	6.1	2,027	5.4	1,202	6.3	1,847	5.5	1406	1190	1394
LAKE ST.	2,507	5.7	1,961	5.2	1,181	6.1	1,773	5.2	1787	914	765
CORN BELT	11,196	25.6	9,916	26.3	6,340	33.0	8,899	26.3	5280	7335	4262
DELTA ST.	3,692	8.4	3,566	9.5	978	5.1	3,186	9.4	1194	1200	2090
NORTHEAST	2,404	5.5	2,163	5.7	1,381	7.2	1,838	5.4	1759	737	915
APPLA.	2,296	5.2	1,631	4.3	2,476	12.9	1,431	4.2	2210	998	838
SOUTHEAST	2,035	4.6	1,847	4.9	1,560	8.1	1,453	4.3	2407	518	643
U.S.	43,770	100.0[1]/	37,667	100.0	19,219	100.0	33,809	100.0	24871	19180	17627

1/ Pecents may not add to 100 percent due to rounding.

corporations were most common in the Corn Belt and Northern Plains. The Delta and Pacific regions had the greatest number of farms that were operated but not owned by corporations.

A total of 4 million acres of wheat was grown on 16,000 corporate farms (see table 6). Corporate wheat acreage accounted for 6.5 percent of the 66.2 million acres of wheat produced nationally in 1978. The Corn Belt, together with the Pacific and the Mountain states (principally Montana, Washington, and Idaho) accounted for almost 65 percent, or 2.7 million acres. The Northern Plains (including the states of Kansas and South Dakota) accounted for another 20 percent of the corporate wheat acreage.

More than 32,000 ASCS corporate farms produced corn, sorghum, and barley on a total of 6 million acres. Corporate farms planted 4.8 percent of the sorghum, 5.1 percent of the corn, and 12.1 percent of the barley acreage seeded nationally in 1978. Almost 70 percent of the corporate corn acreage was found in the Corn Belt and Northern Plains (including the states of Illinois, Iowa, Indiana, Nebraska, and Kansas). Corporate acreage of sorghum was largely concentrated in the Northern and Southern Plains (principally in the states of Texas and Kansas) with almost 80 percent of the 780,000 acres of sorghum grown on 5,000 corporate farms. Nearly 85 percent of the barley grown on corporate farms was in the Western states. Corporate farms seeded more than a fifth (21.7 percent) of the total 1978 rice acreage and a tenth (13.5 percent) of the cotton acreage. Production of cotton and rice on corporate farms was largely concentrated in the Delta and the Pacific States.

The extent to which incorporated producers participated in the 1978 commodity programs varied by crop and by region (see table 7). Almost 73 percent of all wheat grown on corporate farms was covered by the 1978 wheat programs; the largest proportion of the participating farms being in the Mountain States.

Nearly 60 percent of the corporate acreage of feedgrains was included in the 1978 feedgrain program. Participation in the commodity programs by incorporated feed grain producers was higher in the major sorghum and barley producing States than in the Corn Belt.

Approximately 55 percent of the corporate acreage of cotton was covered by the 1978 cotton program. Enrollment in this commodity program was higher in the Southeast and in the Delta than in the West. More than 80 percent of the corporate rice acreage was in the 1978 rice program. Most of the participating farms were in the Delta States.

Table 6. Statistics by region of incorporated farms--number, acreage and production.

Region	Number of Inc. farms	Wheat		Feed Grains						Cotton		Rice	
				Corn		Sorghum		Barley					
		Number	Acres	Number	Acres	Number	Acres	Number	Acres	Number	Acres	Number	Acres
PACIFIC	5,786	1,960	1,017,312	308	147,236	81	21,871	1088	406,673	760	707,198	255	164,566
MOUNTAIN	7,366	3,484	662,989	778	154,364	270	55,349	2115	507,585	385	141,550	3	133
NORTHERN PLAINS	9,442	4,578	883,707	4,834	1,158,535	2,503	282,695	375	51,678	1	78	1	48
SOUTHERN PLAINS	4,105	1,157	265,435	497	106,327	1,277	326,894	29	2,734	1,194	302,883	147	62,646
LAKE STATES	3,616	781	218,467	1,876	322,884	13	2,542	388	85,137	0	0	1	88
CORN BELT	17,443	3,785	1,162,236	10,081	1,520,514	114	7,415	1175	310,631	4	158	11	627
DELTA STATES	4,654	388	50,490	212	17,832	180	29,254	1	174	1,645	476,096	1,224	508,251
NORTHEAST	3,518	297	12,366	1,338	154,889	8	170	198	9,387	1	35	0	0
APPLA.	4,216	355	19,442	1,571	238,092	72	4,849	221	10,625	162	15,723	2	7
SOUTHEAST	3,778	127	11,769	857	138,039	95	12,463	27	1,959	231	30,056	5	327
U.S	64,080	15,884	4,296,939	23,238	4,023,006	5,073	781,224	4,448	1,078,673	4,589	1,692,272	1,661	630,193

Table 7. Statistics by region of incorporated farms--number of participants in commodity programs.

Region	Number of Inc. farms	Extent of Participation in Commodity Programs											
		Wheat			Feed Grain			Cotton			Rice		
		Number of farms	Acres	Percent of total acreage	Number of farms	Acres	Percent of total acreage	Number of farms	Acres	Percent of total acreage	Number of farms	Acres	Percent of total acreage
PACIFIC	5,786	1033	461,188	45.0	615	185,974	36.0	250	137,407	19.0	198	128,702	78.0
MOUNTAIN	7,366	2889	1,399,901	83.0	2,119	546,310	76.0	285	88,878	60.0	2	117	94.0
NORTH PLAINS	9,442	3829	753,465	86.0	4,610	1,102,226	74.0	2	-0-	-0-	2	-0-	-0-
SOUTH PLAINS	4,105	1050	242,458	91.0	1,278	326,862	75.0	1,119	279,541	92.0	141	59,879	95.0
LAKE ST.	3,616	530	172,003	79.0	1,323	278,038	66.0	-0-	-0-	-0-	1	-0-	-0-
CORN BELT	17,443	2196	972,024	80.0	4,595	860,695	47.0	1	-0-	-0-	2	-0-	-0-
DELTA ST.	4,654	278	32,029	63.0	212	29,422	63.0	1,134	347,560	73.0	1,019	342,070	86.0
NORTHEAST	3,518	147	2,508	21.0	494	83,063	50.0	-0-	-0-	-0-	-0-	-0-	-0-
APPLA.	4,216	117	5,394	85.0	507	87,040	34.0	102	10,228	62.0	1	-0-	-0-
SOUTHEAST	3,778	78	6,716	57.0	443	74,611	49.0	181	22,981	75.0	-0-	-0-	-0-
U.S.	64,080	11043	3,135,359	72.9	16,048	3,433,637	58.3	3,238	901,994	53.3	1,361	531,256	84.3

Source: Agricultural Stabilization and Conservation Service

Summary

A canvass of ASCS county offices identified nearly 42,000 incorporated businesses which either owned or operated farms. These corporate farms planted seven percent of the nation's wheat, feed grain, cotton, rice and soybean acreage in 1978. Corporate crop acreage in 1978 ranged from 5 percent of total corn acreage to 22 percent of total rice acreage. More than one-fourth of the corporate farms had in excess of 1,500 acres of farmland. These farms accounted for two-thirds of the corporate acreage of the program crops and soybeans.

Though skewed toward large farms when measured by acreage, corporate farms were predominantly closely-held businesses which had farming as their major business activity. Half of all corporate farms were owner-operator units. Another fourth were tenants which had incorporated. The remaining fourth of the corporate farms consisted of landlord businesses, but more than 40 percent of these landlord corporations were closely-held businesses which were engaged primarily in farming.

These data provide an interesting insight as to the role of corporate farms in the production of grains, oilseeds, and cotton. The preponderance of corporations producing these crops are not large nonfarm corporations. They are family farms which appear to have grown to a size at which the corporate form of business was advantageous to the farm's financial welfare.

References

REIMUND, DONN. "Form of Business Organization," Structure Issues of American Agriculture, Agricultural Economic Report 438, ERS, USDA, Washington, D.C., 1979, pp. 128-133.

U.S. SENATE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY. Prohibiting Commodity Program Payments to Non-farm Corporations and Partnerships. Committee Print 48-122, 96th Congress, 1st Session, August 1979.

POLICY RESEARCH NEWS ITEMS

New Edited Volume on Imperfect Markets in Agricultural Trade

This new book of papers edited by Alex F. McCalla and Timothy E. Josling on Imperfect Markets in Agriculture, 1981, addresses questions of imperfections in international agricultural trade. It includes papers on market structure and power; price formation interactions of domestic agricultural policies through trade; grain export cartels; empirical models; policy issues and research needs. It also includes an extensive bibliography of all aspects of agricultural trade research. Authors include Jimmye Hillman, Tim Josling, Alex McCalla, Aleco Sarris and Andy Schmitz.

Inquire about this book (charge of $29.50) from the Senior Editor, Alex F. McCalla, Department of Agricultural Economics, University of California, Davis, CA 95616, or order from the publishers: Allanheld, Osmum and Company, 81 Adams Drive, Totowa, NJ 07512.

OECD Studies Problems of Agricultural Trade

A study is being made of the problems associated with agricultural trade in the OECD area. A working document has been drawn up

which (a) documents general trends in commodity trade during the 1970's and (b) examines and analyzes these trends in a macro-economic perspective including the inter-linkages between domestic agricultural policy measures, domestic economies, and international trade. Trade problems are also examined from the trade. Trade problems are also examined from the viewpoint of food security and market instability. Conclusions attempt to point the way to solutions to problems of agricultural trade.

Inquire about this study from F. Raeford Baker, Agricultural Trade and Markets Division, OECD, 2 rue Andre' Pascal, 75775 Paris Cedex 16.

EEC Enlargement Impact on Fruit and Vegetable Trade

A model for world trade in five categories of fruit and vegetable products has been constructed. It has been used to project terms of trade and trade pattern changes likely to occur as a consequence of the next EEC enlargement by the addition of Greece, Spain, and Portugal.

Inquire about this research and request a related paper, "The Impact of an European Community of Twelve Countries on World Trade in Fruit and Vegetable Products," June 1981, from Alexander H. Sarris, Department of Agricultural and Resource Economics, 207 Giannini Hall, University of California, Berkeley, CA 94720.

Enlargement of the EEC--Impacts on U.S. Trade in Grains and Oilseeds

This study examines the probable impact on the Spanish feed-grain livestock economy with the Spanish entry into the European Economic Community and the implications for U.S. agricultural exports. The study includes both aggregate sector analysis and partial budget analysis of representative types of farms in reaching conclusions about the kinds of adjustments that likely will occur following Spanish entry to the EC. The research was conducted under a cooperative agreement with the West European Branch, IED, ERS, USDA.

Inquire about this study and request a forthcoming report, "Impacts of Spanish Accession to the EEC on Production, Consumption and Trade in Feed Grains, Oilseed and Livestock Products," from Harold Riley or Vernon L. Sorenson, Department of Agricultural Economics, Michigan State University, East Lansing, MI 48824.

New Book on Grain Export Cartels

The expected publication date of a new book by Andrew Schmitz, Alex McCalla, Donald Mitchell and Colin Carter on Grain Export Cartels is November 1981. This publication reports the results of a major study on the potential feasibility of a grain exporters cartel. The study contains a comprehensive review of trade in grain markets over the past 20 years; a review of the institutions of the grain trade; an extensive review of cartel theory; issues of establishment and operation; importer response; and two types of empirical analysis. The conclusions suggest that neither theory nor past experience can be used to rule out the possibility of a cartel evolving. The empirical analysis suggests substantial potential gains.

Inquire about the content and availability of this book (charge) from one of the authors, Alex F. McCalla, Department of Agricultural Economics, University of California, Davis, CA 95616, or inquire about price and availability of this book from Ballenger Publishing Company, P.O. Box 281, Harvard Square, Cambridge, MA 02138.

Method for Allocation of Food Aid Studied

A common problem faced by decisionmakers involves choosing among competing objectives and analyzing the consequences of a particular decision. This study presents a method for allocating U.S. food aid in which the primary objectives of P.L. 480 are identified and the relative status of potential recipient countries with respect to each objective is measured using a weighted-average technique. The implications of using different priorities and objectives are analyzed. This method is then used to determine which priorities and objectives are most consistent with the actual allocations for 1979.

Inquire about this study and request a copy of a related paper, "The Allocation of Food Aid," July 1981, from Carol Goodloe, Trade Policy Branch, IED, ERS, USDA, 500 12th Street, S.W., Room 260, GHI Building, Washington, D.C. 20250.

Portugal Agricultural Policy Analyses

Research on selected agricultural policies in Portugal was initiated in July 1981. Initial work concentrates on input pricing and subsidy programs for feed grains, fertilizer and limestone. The University of Arizona is collaborating with Stanford University

(EC accession study) and ERS (food and feed grain study). Funding is through USDA-OICD.

Inquire about this research from Jimmye S. Hillman or Roger Fox, Department of Agricultural Economics, University of Arizona, Tucson, AZ 85721.

Energy Production from the Agricultural Sector of Northeast Brazil Studied

This study initiated in September of 1980 has two basic objectives: (1) to analyze the goal of self-sufficiency in alcohol production in Northeast Brazil and (2) to analyze alternative production and processing technologies for obtaining alcohol and related by-products from the agricultural sector of Northeast Brazil. The University of Arizona is cooperating with the Bank of Northeast Brazil and the Federal University of Ceara'.

Inquire about this study from Roger Fox, Department of Agricultural Economics, University of Arizona, Tucson, AZ 85721, and request a copy of a related paper, "Net Energy Analyses of Alcohol Production from Sugarcane in the Cariri Region of Ceara', Brazil," from either of the authors, Ahmed S. Khan and Roger Fox, same address as above.

New Book Speaks to the Educator's Role in Public Policy

A new book by Verne W. House on Shaping Public Policy--The Educator's Role has just been released. This book deals with strategies for policy educators that give new insight into linking theory with practice. It presents, as useful alternative model educational programs, nine relevant experiments concerning in-service training for policy educators occurring in various regions of the nation. It also presents a brief readable reference designed for policy workers.

Inquire about this book from the author, Public Affairs Extension Specialist, Montana State University, Bozeman, MT 59717, and order the book (price of $9.95) from Westridge Publishing, P.O. Box 310, Bozeman, MT 59715.

U.S. Agricultural Policies Evaluated in New Book

Bruce Gardner has completed a book on The Governing of Agriculture, 1981, 148 pages. In this book, the author examines the experience of this nation with various agricultural policies and provides an evaluation of the merits of public intervention in this sector of the economy.

Inquire about this book from the author, Department of Agricultural and Resource Economics, University of Maryland, College Park, MD 20742, and order copies of the book ($9.50 paperback) from International Center for Economic Policy Studies, 20 West 40th Street, New York, NY.

Review of Biomass Energy Literature

The Dartmouth College Resource Policy Center has compiled an exhaustive survey of periodicals that cover topics related to biomass energy use. From Alcohol Update to Quads there are 22 journals that focus explicitly on the use of biomass fuels. Another 31 publications provide regular information relevant to those interested in the effects of energy demands on agricultural and forestry production. For each of the 53 periodicals the bibliography provides: Title, publisher, address, cost, frequency, typical length and illustrative article titles.

Inquire about this survey of research from Dennis Meadows, Resource Policy Center, Box 8000, Dartmouth College, Hanover, NH 03755, and order a copy of the above cited bibliography, "Annotated Bibliography of Biomass Energy Periodicals," by remitting $3.00 to Publications Office, Resource Policy Center, Box 8000, Dartmouth College, Hanover, NH 03755.

National Review of Selected Federal Marketing Orders Completed

A review of Federal Marketing Orders for fruits, vegetables, and specialty crops by USDA at the request of the President's Task Force on Regulatory Relief was completed in October 1981. Several policy researchers from USDA and other organizations have been involved in this study. The review brings together the results of previous studies along with oral and written comments from the public to assess the impacts of these programs on costs and efficiency, income distribution, and other concerns of society. Options for changing the programs are evaluated.

Inquire about this review and availability of its report from Richard G. Heifner, AMS, Room 3063, South Building, U.S. Department of Agriculture, Washington, D.C. 20250.

Welfare Redistribution Issues in Commodity Programs

An investigation was made of the determinants of deadweight losses associated with income transfers through various types of agricultural commodity programs. A consideration was also given to the implications for future U.S. agricultural policy.

Inquire about this investigation from Bruce Gardner, Department of Agricultural and Resource Economics, University of Maryland,

College Park, MD 20742, and request a relevant paper ($1.00 charge) titled, "Efficient Redistribution in Agricultural Commodity Markets," Working Paper No. 020, March 1981, from the Center for the Study of the Economy and the State, Graduate School of Business, University of Chicago, 1101 East 58th Street, Chicago, IL 60637.

Estimating Distributional Effects of Policies

A project is under way to develop a framework, data base, and methodology for assessment of distributional impacts of current and proposed food programs and policies. A large data base is being assembled through statistical matching of the 1977-78 National Food Consumption Survey and the 1976 SIE. Microsimulation will be used to provide estimates of impacts of programs on household food use and nutritive values.

Inquire about this project from Donald A. West, Program Analysis Staff, S&E, USDA, Suite 101, Rosslyn Commonwealth Building, 1300 Wilson Boulevard, Arlington, VA 22209, and request from either West or Leon Hunter at the above address an initial paper on this project titled, "A Framework for Estimating the Distributional Effects of Agricultural Policies and Programs," May 1981.

Farm Firm Simulation for Commodity and Tax Policy Analyses

A monte carlo multiple farm simulation model was developed to provide for purchase and lease land competition between different size corn and soybean farms. The model was used in conjunction with alternative income tax policies and price distributions (which reflect more and less stable commodity policies) to analyze the impact of different policies on the opportunities for growth of different size farms.

Inquire about this research and request a relevant paper, "FLOSSIM: A Multiple Farm Opportunity Set Simulation Model-11/18/81," from Jerry Skees, Room 503, Agricultural Science Center South, University of Kentucky, Lexington, KY 40546.

Effects of Food Stamp Program on Household's Food Purchases

The study conceptualizes price and pure income effects on food purchases among the Food Stamp Program (FSP) households. Results suggest that the FSP affects food purchases of the recipients differently among meat, dairy, cereal and bakery products, and fruits and vegetables. Possible outcomes due to elimination of purchase requirement under the new legislation are also suggested.

Inquire about this study and request a relevant paper, "Modeling the Effects of the Food Stamp Program on Participating Household's Food Purchases: An Empirical Application," So. J. Agr. Econ., December 1981, from Chung Liang Huang, Department of Agricultural Economics, Georgia Experiment Station, Experiment, GA 30212.

Marketing Research Coordination in USDA

A review was undertaken of the scope and interactions among the various marketing research activities in USDA. The study responded to a request from the Committee on Coordinating Marketing Research, a subcommittee of the Agricultural Research Policy Advisory Committee. It is set in the broader framework of the administration of agricultural research.

Inquire about this review and request a copy of a relevant paper, Marketing Research and Its Coordination in USDA: A Historical Approach, Agricultural Economic Report 475, August 1981, from Donnel Royster, Room 0054, South Building, U.S. Department of Agriculture, Washington, D.C. 20250.

Policy Analysis in the Agricultural Stabilization Conservation Service (ASCS)

As the agency responsible for the administration and analysis of domestic farm commodity programs, ASCS welcomes the opportunity to work with researchers on studies pertaining to commodity programs, such as price supports, commodity reserves, production control, etc. Analysts in the agency also offer the opportunity to work with researchers in reviewing such research findings at various stages.

Inquire about work under way and this opportunity for joint research efforts from Harlan Burnstein, Analysis Division, Room 3748, South Building,

Policy Education--Content and Method

A study was made of policy education methods used in a recent policy education workshop. Most efforts to develop interest in and capability for public policy education have met only moderate success. The problem is probably insufficient follow-up and support. Evaluation of the "Otter Rock" policy education workshop showed the strengths and weaknesses of a methodology that included good instruction, demonstration, practice and some coaching.

Inquire about this evaluation and request copies of a journal article reporting the results, "The Policy Education Project--A Final Evaluation," Western Journal of Agricultural Economics, July 1981, by contacting Warren L. Trock, Department of Economics,

Colorado State University, Fort Collins, CO 80523, or Verne House, Department of Economics, Montana State University, Bozeman, MT 59717.

Small Farms Report on Research Agenda Published

A final publication on Phase II of the National Rural Center's Small Farm Project has just been published as An Agenda for Small Farms Research, 1981, by Pat Madden and Heather Tischbein Baker. It summarizes state-of-theart reviews of research in several key policy areas, and then sets forth resulting priority research needs. These earlier reports, and their availability, was reported in Policy Research Notes, No. 11, pp. 38-39.

Inquire about this effort, and the availability of this latest publication (possibly a charge) from either of the above authors, National Rural Center Small Farms Project Office, R.D. Box 185, Boalsburg, PA 16827.

Agricultural Economists Participating in Interest and Inflation Discussion

Several economists, including Clark Edwards, ERS, USDA, participated in an Economic Workshop sponsored by the Society of Government Economists on November 12, 1981, at the USDA Graduate School Meeting Center. The focus of the discussion was "Are High Interest Rates Necessary to Combat Inflation?", Alan Bird of the Economic Research Service, USDA, moderated.

Inquire about this activity by contacting Alan Bird, EDD, ERS, USDA, Washington, DC, 20250.

Economic Effects of Farm Machinery Accidents Studied

This study examines the cause, kind, cost, and frequency of farm accidents resulting from agricultural machinery. Of all agricultural accidents, farm machinery or tractor accidents had the highest frequency rate. Ways of minimizing farm machinery accidents are suggested.

Inquire about this study and request a copy of a related paper, "Accidents: Farm Machinery and Equipment--Selected Counties," Summer 1981, from Anwar S. Khan, Department of Economics, North Carolina A&T State University, Greensboro, NC 27411.

Policy Effects of Imitation Cheese Subject of Study

Increases in cheese consumption have been an economic buoy to the dairy industry, which in 1980 resulted in $16.7 billion

gross income to U.S. dairy farmers, with 27 percent of all farm milk utilized in cheese. However, the future of natural cheese has become clouded by the growth of the imitation cheese industry, which uses vegetable components and imported casein in its manufacture. An economic analysis of imitation cheese was therefore made.

Inquire about this study and request a copy of a related report, The Economic Impact of Imitation Cheese, University of Wisconsin Economic Report No. 60, July 1981, from Truman Graf, Department of Agricultural Economics, University of Wisconsin, Room 316, Agricultural Hall, Madison, WI 53706.

Survey of Illinois Dairy Farmers on Policy Issues

A survey is being prepared on the understandings and preferences of dairy farmers about several aspects of national dairy policy. About 950 Illinois dairy farmers will be surveyed in November and December 1981 to determine their views on the new dairy price support program and what decisions they may make in their own operations as a result.

Inquire about this study and request a copy of an initial report expected in January 1982, from Harold D. Guither, University of Illinois, 305 Mumford Hall, 1301 West Gregory Drive, Urbana, IL 61801.

Tobacco Allotments and Implications for Producers

An inquiry was made into the "franchise" implications of the present tobacco allotment program. It found a growing divergence between tobacco production "franchise" owners and actual tobacco farmers. The researcher argues for adjustments in the tobacco allotment system so that it benefits all present tobacco farmers and phases out benefits to those who no longer grow the crop.

Inquire about this inquiry from Charles K. Mann, The Rockefeller Foundation, 1133 Avenue of the Americas, New York, NY 10036, and order a book, The Tobacco Industry in Transition, 1981 (price of $23.95), edited by W.R. Finger, of the North Carolina Center for Public Policy Research, which includes a chapter by Mann entitled, "The Tobacco Franchise for Whom?" from Lexington Books, D.C. Heath and Company, 125 Spring Street, Lexington, MA 02173.

An Economic Analysis of Small Farmers in North Carolina

This study analyzes the socio-economic conditions and future perceptions of small farmers in North Carolina. Two statistical models are used to analyze a number of socio-economic variables which are expected to have an impact on the future of small

farms. It is concluded from the analysis that the number of small farms in North Carolina will continue to decline over the next decade.

Inquire about this study from Anwar S. Khan, Department of Economics, North Carolina A & T State University, Greensboro, NC 27411.

Farmland Preservation Policy Recommended in a Delaware Study

The Governor's Advisory Committee on Farmland Preservation in Delaware recently completed its report. A Cooperative Extension Service economist served as Secretary of the Committee. The Governor and Legislature responded to the Committee's recommendations by enactment of H.B.307, which establishes State policy on farmland preservation and creates an Agricultural Lands Preservation Section in the State Department of Agriculture.

Inquire about this policy effort from Gerald F. Vaughn, Cooperative Extension Service, University of Delaware, Newark, DE 19711, and request a copy of the final report from the project, Preserving Delaware Farmland: Final Report, January 15, 1981, from Steve Corazza, State Office of Management, Budget, and Planning, P.O. Box 1401, Dover, DE 19901.

Economic Sector Size in the New York Food Industry

A study is being made to estimate the value added by different sectors in the food industry in New York State using data obtained from the Department of Agriculture, Census of Manufacturers and State agency data on employment by industries. Estimates are also being made of employment and food industry activity in each of ten regions of the State.

Inquire about this study from B.F. Stanton, 148 Warren Hall, Cornell University, Ithaca, NY 14853, and request a copy of an initial report, "The New York State Food Industry," Cornell Agricultural Research 81-3, April 1981, from Max Brunk, 307 Warren Hall, Cornell University, Ithaca, NY 14853.

Perception About Small Farms Among County Extension Leaders

This study looked at the small farm policy issue from the perspective of local leaders. A mail questionnaire survey was conducted among the County Chairmen of the Agricultural Extension Service in North Carolina. Their perception of the current situation and future direction of small farms, along with problems which they think small farm operators face, were examined.

Inquire about this study and request a paper, "The Future of Small Farms in North Carolina: Perception of County Extension Chairmen," Summer 1980, from Anwar S. Khan, Department of Economics, North Carolina A&T University, Greensboro, NC 27411.

Development of Comprehensive Water Resources Policy Underway for Delaware

Research and planning have begun for a Delaware water policy, under the auspices of a Comprehensive Water Resources Management Committee set up by the Governor. The State Water Plan will deal with all aspects of long-term and short-term allocation of water supply, including water quality. Delaware's Cooperative Extension Service is involved in this effort, with an Extension Economist serving as Vice Chairman of the Committee.

Inquire about this work from Gerald F. Vaughn, Cooperative Extension Service, University of Delaware, Newark, DE 19711.

Study of Categorical Grants for Food Assistance Programs Completed

With the great interest that currently abounds regarding the return of program control to States and localities, the feasibility of block or categorical grants has received considerable attention. For the Food Stamp Program (FSP), a categorical grant process has already been established for the Commonwealth of Puerto Rico.

The implications of a complete switch to categorical grants for the FSP was considered in this study. It was found that use of a categorical grant-i.e., a State-administered and federally financed program benefitting a single activity or group--would require a formula to assure equitable distribution of funds. The study report highlights five formulas, using 1979 data to assess effects on program benefits and recipients. Some States would get less funding under any of the formulas than they currently receive.

Copies of the study report are available from Barbara Claffey, Food and Agricultural Policy Branch, 120 GHI Bldg., ERS, USDA, 500 12th Street, SW, Washington, DC 20250.

Farm Commodity Program Benefits

Research is currently underway in the Food and Agricultural Policy Branch, ERS, to examine the characteristics of farms participating in the annual commodity programs, including differences in farm enterprises, size of farm, off-farm employment, tenure, and form of business. In addition, the effect of participation in the commodity programs on the distribution of farm incomes will be

examined. Related research will also review the distributon of program benefits in 1980, with particular attention being paid to cotton payments.

A recent publication from this research is Farm Commodity Programs: Who Participates and Who Benefits?, AER No. 474, ERS, USDA. This report points out that 10 percent of the participants in U.S. commodity programs for wheat, feedgrains, cotton, and rice received 47 percent of 1978 payments. Those farmers were also the largest participants, having 500 acres or more of crops. The smallest 50 percent of participants received 10 percent of the payments. The $40,000 ceiling on payments to individuals had a negligible effect on the distribution of payments, the limit affected less than 0.2 percent of participants, and payments foregone amounted to only 1.3 percent of the total. This publication may be obtained from Jim Johnson, Food and Agricultural Policy Branch, 120 GHI Bldg., ERS, USDA, 500 12th Street, SW, Washington, DC 20250.

USDA Analysis of Imported Casein

An indepth analysis of the effects of imported casein and lactalbumin (dairy proteins) on the use of domestic dairy products and the dairy price support program was completed in June 1981. The report on this work titled U.S. Casein and Lactalbumin Imports: An Economic and Policy Perspective was released as ERS Staff Report AGESS81021. The findings of this study provided the basis for USDA input at the most recent International Trade Commission Section 22 hearing on casein imports.

Inquire about this research from Kenneth Clayton, Food and Agricultural Policy Branch, ERS/USDA, 120, GHI Bldg., 500 12th St., SW, Washington, DC 20250.

POLICY RESEARCH PUBLICATIONS AVAILABLE

ALBA, PEDRO, DAVID BLANDFORD, and RICHARD N. BOISVERT. Energy and Employment Applications of Foreign Trade Opportunities in the Northeast. Cornell Agricultural Economics Staff Paper No. 81-14, June 1981. Request this paper from 205 Warren Hall, Cornell University, Ithaca, NY 14853.

AGRICULTURAL-FOOD POLICY REVIEW: PERSPECTIVES FOR THE 1980's. AFPR-4, Economics and Statistics Service, USDA, Washington, D.C., 148 pp., April 1981.

Request a copy of that report from Ken Clayton, Food and Agricultural Policy Branch, ERS/USDA, 120, GHI Bldg., 500 12th St., SW, Washington, DC 20250.

ALLEN, JOYCE E. and LONGEN, KATHRYN A. Impact of the Provisions of the Food Stamp Act of 1977, ERS, NED Staff Report, 21 pp., Dec. 1980.

Request a copy from Joyce Allen, Food and Agricultural Policy Branch, ERS/USDA, 112, GHI Bldg., 500 12th St., SW, Washington, DC 20250.

BOEHLJE, MICHAEL and KRAUSE, KENNETH. Economic and Federal Tax Factors Affecting the Choice of a Legal Farm Business Organization. ERS, AER No. 468, 43 pp., June 1981.

BREIMYER, HAROLD F. Preparing for the Contingency of Intense Pressure on Food-Producing Resources. National Planning Association Release. September 1981. Request a copy of this release also identified as Paper 1981-18 from the author, Department of Agricultural Economics, University of Missouri, Columbia, MO 65211.

BURNSTEIN, HARLAN. "A Description of the U.S. Grain Reserve Program, 197781." Request this report from the author, 3748 South Building, Analysis Division, USDA ASCS, Washington, D.C. 20250.

BUXTON, BOYD M., CHRISTIANSEN, M.K., SCHUH, G. EDWARD, and HAMMOND, J.W. A Dilemma the Dairy Industry Faces: The Cost of Support Milk Prices. Univ. of Minn., Ext. Misc. Publ. 108: 4 pp. 1981.

CALLEAR, DIANA L. and DAVID BLANDFORD. Food Security and the International Wheat Agreements. Cornell Agricultural Economics Staff Paper No. 81-11, April 1981. Request this paper from 205 Warren Hall, Cornell University, Ithaca, NY 14853.

CARR, A. BARRY. "Historical Background of U.S.--U.S.S.R. Grain Agreement." August 31, 1981. Request a copy of this paper from A. Barry Carr, ENR, CRS, Library of Congress, Washington, D.C. 20540.

CLAFFEY, BARBARA A., MATSUMOTO, MASAO, AND STUCKER, THOMAS. The Food Stamp Expenditure Cap, ERS, NED Staff Report, 21 pp., Jan. 1981.

Request a copy from Barbara Claffey, Food and Agricultural Policy Branch, ERS/USDA, 120, GHI Bldg., 500 12th St., SW, Washington, DC 20250.

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Request a copy from David Barton, Dept. of Agricultural Economics, Kansas State University, Manhattan, KS.

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DORNER, PETER. Economic and Social Changes on Wisconsin Family Farms, A Sample Study of Wisconsin Farms--1950, 1960, 1975. University of Wisconsin R3105. February 1981. 41 pp.

Request a copy of this bulletin from the author, International Studies and Programs, 1410 Van Hise Hall, 1220 Linden Drive, University of WisconsinMadison, Madison, WI 53706.

DURST, RON, ROME, WENDY, and HRUBOVCAK, JAMES. The Economic Recovery Tax Act of 1981--Provisions of Significance to Agriculture. ERS, NED Staff Report AGESS810908: 43 pp. Sept. 1981.

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_____. Economic Indicators of the Farm Sector: State Income and Balance Sheet Statistics, 1979. ESS, Stat. Bulletin No. 661: 194 pp., March 1981.

Request copies from ERS Publications, Room 0054, South Building, USDA, 14th & Independence, SW, Washington, DC 20250.

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GRIFFITH, G.R. and K.D. MEILKE. "A Description of the Market Structure and and Agricultural Policies in Five Regional Oilseed and Oilseed Product Markets." AEEE/80/13. November 1980. Request this paper from Karl Meilke, Department of Agricultural Economics, University of Guelph, Guelph, Ontario, Canada.

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HALL, L.L., W.G. TOMEK, N.L. RUTHER, and S.S. KYEREME. Case Studies in the Transmission of Farm Prices. Cornell Agricultural Economics Research 81-12. August 1981. Request this report from either of the senior authors, Department of Agricultural Economics, Warren Hall, Cornell University, Ithaca, NY 14853.

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Request copies of these publications from Tom Stucker, Food and Agricultural Policy Branch, ERS/USDA, Room 112, GHI Bldg., 500 12th St., SW, Washington, DC 20250.

HASTINGS, STEVEN E., and FRANK M. GOODE. The Standard Industrial Classification of Establishments, 1957-1977. University of Delaware Agricultural Experiment Station Bulletin No. 432. April 1980. Request this bulletin from Steven E. Hastings, Department of Agricultural and Food Economics, University of Delaware, Newark, DE 19711.

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Inquire about this paper presented at an East European Conference from the author, Department of Economics, Waters Hall, Kansas State University, Manhattan, KS 66506.

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Request this publication from Deborah Pollock, Office of Policy Planning and Evaluation, FTC, 6th and Pennsylvania, NW, Washington, DC 20280.

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Request this article from Randall A. Kramer, Department of Agricultural Economics, Virginia Polytechnic Institute and State University, Blacksburg, VA 24061.

MILLER, BILL. Peanut Policy Issues for the 1981 Farm Bill--The Export Market. Special Publication No. 11. February 1981.

_____. Peanut Policy Issues for the 1981 Farm Bill--The Role of the Commodity Credit Corporation in Peanut Oil Markets and Agricultural Policy. Special Publication No. 12. March 1981.

_____. Peanut Policy Issues for the 1981 Farm Bill--Market Power and Price Discovery. Special Publication No. 15. July 1981.

Request these publications from Bill R. Miller, 208 Conner Hall, Department of Agricultural Economics, University of Georgia, Athens, GA 30602.

MILLER, ROBERT H. "The U.S. Department of Agriculture Program for Tobacco."

Request a copy of this summarizing speech about USDA's activities with tobacco policy from the author, Room 212, GHI Building, USDA, ERS, Washington, D.C. 20250.

MILLER, THOMAS A., GORDON E. RODEWALD, and ROBERT G. McELROY. Economies of Size in U.S. Field Crop Farming. USDA Agricultural Economic Report No. 472. July 1981.

Request this report from the senior author, Economics Department, Colorado State University, Fort Collins, CO 80523.

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Request this report from W.B. Sundquist, Department of Agricultural and Applied Economics, 231 Classroom Office Building, University of Minnesota, St. Paul, MN 55108.

SARRIS, ALEXANDER, and ANDREW SCHMITZ. "Toward a U.S. Agricultural Export Policy in the 1980's." American Journal of Agricultural Economics. December 1981.

Request this article from the senior author, Department of Agricultural and Resource Economics, 207 Giannini Hall, University of California, Berkeley, CA 94720.

SCEARCE, KEITH (ed). Proceedings: Farmers Agricultural Policy Conference. March 1981. Oklahoma State University Agricultural Extension Service.

Request this proceedings from Keith Scearce, Department of Agricultural Economics--Extension, Oklahoma State University, Stillwater, OK 74078.

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Request a copy from Sara Short, Food and Agricultural Policy Branch, ERS/USDA, Room 120, GHI Bldg., 500 12th St., SW, Washington, DC 20250.

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Illinois Agricultural Economics Staff Paper No. 81 E-184, July 1981, 10 pp.; and Policy Research, Perspectives, Process: Comments, Illinois Agricultural Economics Staff Paper No. 81 E-195, October 1981, 9 pp.

Request copies of any of these papers from the author, Department of Agricultural Economics, University of Illinois, 305 Mumford Hall, 1301 West Gregory Drive, Urbana, IL 61801.

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